

HOUSE BILL REPORT

HB 3026

As Reported By House Committee On:

Health Care

Title: An act relating to creating the children's health initiative program.

Brief Description: Creating the children's health initiative program.

Sponsors: Representatives Dyer and Cooke.

Brief History:

Committee Activity:

Health Care: 2/3/98 [DPS].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Dyer, Chairman; Skinner, Vice Chairman; Cody, Ranking Minority Member; Anderson; Conway; Parlette; Wood and Zellinsky.

Minority Report: Without recommendation. Signed by 2 members: Representatives Backlund, Vice Chairman; and Sherstad.

Staff: Bill Hagens (786-7131).

Background: In August 1997, federal legislation was approved establishing the State Children's Health Insurance Program (SCHIP) under a new Title XXI of the Social Security Act. Authorized for 10 years, the program makes federal matching funds available to states at an "enhanced" rate in order to expand health insurance coverage of low-income children.

SCHIP matching funds may be used to provide health coverage to children under 19 with family incomes below 200 percent of the federal poverty level (FPL), or 50 percentage points higher than a state's Medicaid eligibility levels. The funds may not be used to cover any child who was eligible for coverage under an existing state program as of June 1997.

Since 1993, Washington has provided health insurance coverage through Medicaid and Basic Health Plus for children with family incomes up to 200 percent of FPL. Thus, Washington may receive SCHIP matching funds only for children in families with

incomes between 200 and 250 percent of FPL, and only for children within that range that existing state coverage is expanded to include.

The law allows the state to expand its coverage in one of three basic ways: (1) Medicaid expansion; (2) creating or expanding a separate program that provides coverage through participating insurers, or (3) a combination of both. Under option (1), the state would be required to follow all Medicaid requirements regarding, for example, the entitlement nature of the program, eligibility, benefits, and cost sharing. Option (2) would give the state greater flexibility regarding program design, but would require benefits consistent with one of three "benchmark plans" set forth in the federal law. Option (3) may require that the state apply for waivers of Title XXI provisions through Section 1115 of the Social Security Act.

Washington's SCHIP allotment for FFY98 is approximately \$46.7 million. The state would be able to draw on these funds at a matching rate of 66.51 percent, compared to a current Medicaid matching rate of 52.15 percent. To preserve the FFY98 allotment, the state must have a SCHIP plan approved by the Health Care Finance Administration (HCFA) by September 30, 1998. Once a plan is approved, this allotment, and each annual allotment thereafter, may be drawn upon for up to three years. The state plan may be amended at any time, subject to HCFA approval.

Washington's congressional delegation has indicated its intention to continue working for an amendment to SCHIP which would allow Washington to access the matching funds to cover children eligible but not enrolled in Medicaid under the state's current eligibility standards.

Summary of Substitute Bill: The Children's Health Insurance Program is created under the auspices of the Department of Social and Health Services (DSHS). The program is to provide health insurance coverage to persons age 18 and under whose family income is between 200 and 250 percent of the federal poverty level. The DSHS is given general authority to design and implement the program consistent with the requirements of Title XXI of the Social Security Act, although enrollees will be required to share costs. However, unless Washington State is permitted to receive the enhanced federal match for Medicaid eligible children under 200 percent of poverty not presently enrolled, the program shall be terminated on January 1, 1999, which is before it is scheduled to commence.

Substitute Bill Compared to Original Bill: Transfers the Children's Health Insurance Program administration from the State Health Care Authority to DSHS; clarifies that the program is not an entitlement.

Appropriation: None.

Fiscal Note: Requested on January 28, 1998.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This program is an efficient way to cover needy children. The DSHS can administer the SCHIP more efficiently because the program is similar to its current operations.

Testimony Against: None.

Testified: Jane Beyer, Medical Assistance Administration, Department of Social and Health Services.