

# HOUSE BILL REPORT

## SSB 5416

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**As Passed House:**

April 25, 1999

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

**Brief Description:** Creating the children's health insurance program.

**Sponsors:** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Eide, Patterson, Franklin, Rasmussen, Snyder, Wojahn, Bauer, Kohl-Welles and McAuliffe; by request of Governor Locke).

**Brief History:**

**Floor Activity:**

Passed House: 4/25/99, 67-28.

**Brief Summary of Substitute Bill**

- Establishes a health insurance program for children with family income between 200 percent and 250 percent of poverty.

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**Staff:** Bill Hagens (786-7131).

**Background:**

In August 1997, federal legislation was approved establishing the state Children's Health Insurance Program (CHIP) under a new Title XXI of the Social Security Act. Authorized for ten 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.

CHIP 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 CHIP matching funds only for children in families with incomes between 200 and 250 percent of FPL, and only for children within that range that 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 the state apply for waivers of Title XXI provisions through Section 1115 of the Social Security Act.

Washington's CHIP allotment for FFY 98 and FFY 99 is approximately \$46.7 million each year. To the extent needed to cover eligible children, 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 around 52 percent. To preserve these allotments, the state must have a CHIP plan approved by the Health Care Finance Administration (HCFA) by September 30, 1999. Once a plan is approved, this allotment, and each annual allotment thereafter, may be drawn upon for up to three years after the allotment year. 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 CHIP 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.

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### **Summary of Bill:**

The children's health insurance program is created under the auspices of the Department of Social and Health Services (DSHS). The program, the benefits of which are not an entitlement, 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.

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 receive coverage from a managed care plan and to share costs. The department is also explicitly authorized to purchase coverage for uninsured children whose families have access to dependent coverage.

DSHS is directed to seek a change in the federal law which would allow the state's CHIP dollars to be used to cover children under 200 percent of the federal poverty level, and to report back to the Legislature regarding these efforts.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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