

SENATE BILL REPORT

SB 6472

As Reported By Senate Committee On:
Health & Long-Term Care, January 29, 1998

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

Brief Description: Making the basic health plan available to persons covered by the federal children's health initiative.

Sponsors: Senators Deccio, Wojahn, Winsley, Kline, Franklin, Heavey, Hargrove, Jacobsen, Prentice, Fairley, B. Sheldon, Haugen, Kohl, Brown, McAuliffe, Fraser, Spanel, Goings, Snyder, Loveland, Thibaudeau, Patterson and Rasmussen; by request of Governor Locke.

Brief History:

Committee Activity: Health & Long-Term Care: 1/29/98 [w/oRec-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators Deccio, Chair; Wood, Vice Chair; Fairley, Franklin, Strannigan and Wojahn.

Staff: Jonathan Seib (786-7427)

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 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.

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 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 Bill: The Children's Health Initiative Program is created under the auspices of the state Health Care Authority (HCA). 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 HCA 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.

Appropriation: None.

Fiscal Note: Requested on January 20, 1998.

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

Testimony For: In Washington, there are an estimated 10,000 children in families with incomes between 200-250 percent of poverty who are uninsured. This bill is necessary to access federal matching dollars that can be used to provide these children with insurance. Insurance to cover preventative and routine medical services help avoid more serious and costly medical conditions.

Testimony Against: None.

Testified: PRO: Gary Christensen, Health Care Authority; Jane Beyer, DSHS; Phil Watkins, Washington State Hospital Association; Ken Bertrand, Group Health; Eric Paige, Catholic Conference; Majken Ryherd Keira, Friends of BHP; Kyle Yasuda, WSMA, American Academy of Pediatrics; Suzi Traci, WSMA; Mary Jensen Slate, Lisa Anderson; Shellie Mirante, Renton Area Youth and Family Services.