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POOR CHILDREN FIRST – OR LAST? Watch What the Administration is Doing, Not What It Is Saying

by Robert Greenstein

The Bush administration has recently argued that the President favors providing health insurance to “poor children first” and vetoed bipartisan children’s health legislation because it violates this principle. On “This Week” on October 7, Health and Human Services Secretary Mike Leavitt stated: “The President’s position can be summarized in three words: poor children first.”¹

But is the Administration’s claim about the bipartisan legislation accurate? Does the bill, in fact, put middle-income children ahead of poor ones? And do the Administration’s actions and policies put poor children first?

The facts show this claim to be a large distortion. In fact, the truth is almost precisely the opposite of what the Administration claims.

- The vetoed bipartisan legislation is specifically designed to put poor children ahead of everyone else, and the Congressional Budget Office’s analysis of it shows that it would achieve this goal, and
- Recent Administration policies that have received little media attention would actually make it *harder* to reach poor children and likely cause more of them to be uninsured.

This brief analysis explores each of these points.

The “poor children first” phrase appears to reflect polling data more than Administration policy proposals. The *Wall Street Journal* reported last week that research by Republican pollster David Winston found poll numbers strongly favoring the legislation could be driven downward when respondents were told that policymakers who opposed the bill did so because they sought to cover “poor kids first” and that the legislation thwarts this goal.²

¹ Transcript of “This Week,” October 7, 2007.

² David Rogers, “Child-Health Bill May Define Republicans,” *Wall Street Journal*, October 12, 2007.

The Bipartisan Children's Health Legislation

The legislation is designed to give priority to poor uninsured children over all others.

- The bill provides fiscal incentives to states to cover uninsured children who are already eligible for public health insurance programs — and provides the largest incentives for covering the poor and near-poor children who are eligible for *Medicaid*, rather than the modestly better-off children who are eligible for SCHIP.³ In most states, children age 6 to 18 must have incomes below the poverty line to qualify for Medicaid, while children age one to 6 must have incomes below 133 percent of the poverty line.⁴
- The bill also provides fiscal incentives to states to cover children who have incomes too high to qualify for Medicaid but who qualify for SCHIP under their state's *current* SCHIP eligibility criteria, but these fiscal incentives would be smaller.
- The bill does *not* provide fiscal incentives to states for enrolling children with income above their state's current SCHIP income limit.
- And if a state sought in the future to raise its SCHIP income limit above 300 percent of the poverty line, the state would (1) receive *no* incentive payments for enrolling eligible children in this income range and (2) have its federal SCHIP matching rate reduced with respect to these children, if the state were allowed to cover these children at all. (The state would eventually have to meet a number of new criteria to be allowed to raise its income eligibility level or to continue to cover children in this income range.)

In short, claims that the bill favors middle-class over poor children are undeniably false. Senator Charles Grassley, the senior Republican on the Senate Finance Committee and a key author of the bipartisan legislation, recently said on the Senate floor that some charges made by the legislation's opponents are intellectually dishonest. His label applies to this charge.

Moreover, the CBO analysis of the bill finds that of the 3.8 million otherwise uninsured children who would gain coverage under it by 2012, some *1.7 million are children who are eligible for Medicaid* but are uninsured. Most of these children live below the poverty line. Another 1.5 million are children who are eligible for SCHIP under their state's current eligibility criteria but are uninsured. CBO estimates that only 600,000 (or less than 16 percent) of the 3.8 million children are children with incomes *above* their state's current SCHIP income limits. Similarly, according to estimates by the Urban Institute, more than 75 percent of the uninsured children who would gain coverage under the bill have incomes below 200 percent of the poverty line.⁵

³ These incentives apply only to the enrollment of eligible children in "regular" Medicaid. States can use SCHIP funds either to establish separate children's health insurance programs or for SCHIP-financed Medicaid "expansions." The incentives described in this "bullet" do not apply to SCHIP-financed Medicaid expansions. (The "SCHIP" incentives described in the next paragraph are the incentives that apply to those expansions.)

⁴ A majority of states set the income limit for infants somewhat higher, generally at 185 percent of the poverty line.

⁵ G. Kenney *et al.*, "SCHIP Reauthorization: How Will Low-income Children Benefit Under the House and Senate Bills?" Urban Institute, as updated on October 4 at <http://www.urban.org/publications/411545.html>. The Urban Institute also estimates that 70 percent of *all* children who would gain SCHIP or Medicaid coverage under the bill,

The Administration's Medicaid and SCHIP Policies

What would the Administration's policy proposals do instead? Rather than provide coverage to 3.8 million otherwise uninsured children by 2012, as the bipartisan legislation would do, the Administration's proposals would actually reduce the number of children enrolled in SCHIP or Medicaid — including, most likely, the number of *poor* children enrolled in Medicaid.

As CBO has reported, the President's budget fails to request enough money for SCHIP simply to continue insuring the number of children that the program covers today. Less well known is that the Administration is pursuing policies through the regulatory process that would adversely affect Medicaid coverage of poor children.

- On August 31, the Administration issued proposed regulations that would make it harder to reach and enroll eligible poor children in Medicaid. Several million poor or near-poor children are uninsured despite their eligibility for Medicaid. Since most of these children attend school, federal rules have long allowed state Medicaid programs to contract with school districts to help find and enroll them. Specifically, many states contract for a portion of the time of the school nurse or other appropriate school personnel to identify poor, uninsured children and help them enroll. The Administration's proposed regulations would outlaw such contracts, cutting off all federal Medicaid matching funds for them. (The proposed regulations would still allow contracts with private corporations to find and enroll children, but not contracts with schools.)⁶
- On August 13, the Administration issued another proposed rule that would adversely affect poor children. It would cut off Medicaid funding for various health services that children and parents with mental illness or other serious disabilities need to stay out of institutions and improve their ability to function.⁷

These rules would make it harder to reach and enroll poor children, and for those who are enrolled, reduce the health services they can obtain. To prevent these children from being harmed, the bipartisan legislation would place a moratorium (through the end of May) on the Administration's ability to issue final rules to implement these policy changes.

Nevertheless, the White House insists that it is the defender of poor children and that the vetoed legislation is their enemy.

including those who would otherwise obtain private coverage, would have incomes below 200 percent of the poverty line.

⁶ Judith Solomon and Donna Cohen Ross, "Administration Moves to Eviscerate Efforts to Enroll Uninsured Low-income Children in Health Coverage Through the Schools," Center on Budget and Policy Priorities, October 1, 2007.

⁷ Judith Solomon, "Administration Moves to Withdraw Key Health Services From Children and Adults With Mental Illness and Other Disabilities," Center on Budget and Policy Priorities, September 25, 2007. The Administration also issued a policy directive on August 17 that would effectively require various states to lower their SCHIP income limits to 250 percent of the poverty line. That directive would cause a number of states to scale back SCHIP coverage. It does not bear on coverage of poor children under Medicaid.