

POSITION PAPER

State Children's Health Insurance Program (SCHIP)

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The State Children's Health Insurance Program (SCHIP) was originally created to fund state operated programs that cover children from low-income families. The program was first authorized in 1997, and since then, 4.7 million children have been enrolled in state health insurance programs. This program has been a success even though there are still over 500,000 low-income children in the USA eligible for SCHIP health insurance programs that have not yet been enrolled. New York State's SCHIP program is called Child Health Plus.

The Democrat majority in congress knew for months that such a large, unnecessary expansion of the program would be vetoed by then President Bush. They decided, however, to wait until the plan expired (September 30th) before presenting the funding reauthorization to him for his veto. This allowed them and their liberal pundits to demonize the President and any other opponents of the bill describing them as being the evil ones who hate children. Remember, in his last budget proposal to congress, President Bush had proposed an expansion the SCHIP program and an increase in funding, but not to the massive extent that the Democrats wanted.

The massive reauthorization legislation that passed has expanded income levels to cover families making \$62,000 a year in most states. In a country with a median income of slightly over \$46,000, this means taking money for a health insurance program intended for children from low-income families (remember the 500,000 low-income children who are currently not enrolled) and covering children from middle-class families. Instead of adding new categories of beneficiaries with higher income levels, congress should have tried to help the children that need it most first — the children who were already eligible under current income requirements but had not enrolled. Opening the floodgates with more enrollees with higher incomes is not going to help the nation's neediest children, nor balance our budget.

The Congressional Budget Office estimated that one-in-three new enrollees - a total of two million children - under this SCHIP expansion would move off private insurance and onto government-funded health care programs. Luring families away from private insurance into a government-run health-system is only going to serve to increase government-dependence and reduce the quality of health care children receive, particularly when only 12 percent of this expanded group are currently uninsured.

The reauthorization legislation bill also did not require states to review legitimate identity documents like drivers' licenses, passports, or birth certificates to ensure that the applicants are a U.S. citizens. Self-declarations of citizenship have never worked and legislation should not have passed that increases any benefits to Illegal Aliens, while forcing American taxpayers to foot the bill.

As the states expand public programs for the uninsured, including many middle-income families, they are weakening private insurance markets through a phenomenon known as "crowd out." For instance, the Congressional Budget office issued a report on the State Children's Health Insurance Program (SCHIP) that found that "the increase in public coverage [as a result of SCHIP] has been partially offset by a reduction in private coverage." This may be because SCHIP is cheaper than insurance offered through some employers, leading many parents to refuse private coverage.

The legislation passed by Congress was designed to massively expand SCHIP program eligibility without doing anything to help make private health insurance more affordable. Experience has shown that expanding public programs is not a sustainable alternative to private insurance. Helping low-income uninsured children get access to public health insurance is a noble cause; but making good, private health insurance more affordable for all working families is a better one.

One recommendation that will make private health insurance more affordable to middle class families is to allow taxpayers to fully deduct all health care costs, including premiums, from their taxes. (Current law limits the individual deduction to those un-reimbursed medical expenses in excess of 7.5% of the taxpayer's adjusted gross income.)

When scoring partisan political points on television becomes less important than the health of our nation's children, maybe our elected officials will be able to find a workable solution. Rather than political grandstanding, members of congress should work together to find a bipartisan solution with Democrats and Republicans actually talking to each other, rather than calling each other names.

For more information about John W. Wallace, or to find out about his positions on other issues, please go to: www.TeaPartyRep.com