



Medicaid Medicaid Matters New York Matters



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Report – available at <http://ccf.georgetown.edu>:

Out of Touch: A Status Report on the Impact of CMS's August 17th Directive on Children's Health Care Coverage.

New Report: Fed Directive Threatens to Cut Funds for New York Children's Health Coverage

Washington – About 50,000 New York children were forced to wait a year for the opportunity to receive affordable health care coverage because of a directive issued last August by the Bush administration, according to a report released today by Georgetown University's Center for Children and Families (CCF). The directive forced New York's Child Health Plus program to delay offering coverage to uninsured children in moderate-income families who are unable to find affordable health care coverage from private insurers.

The report also concludes that although most New York children are now covered, the administration's directive—which bypassed Congress—will cut current and future federal funding for their insurance.

“This federal policy change couldn't come at a worse time for New York families and the state of New York,” said Trudi Renwick, senior economist with the Fiscal Policy Institute. “As more families are experiencing financial hardship and the state is trying to balance its budget with lower than expected revenues, the administration's actions make it more

expensive for New York to soften the impact of the economic downturn on their most vulnerable residents—uninsured children.”

“When families struggle to regain financial stability during this economic downturn, the least we can offer them is the peace of mind that their children’s health will be covered,” said Martha Pofit, co-chair of the New York Children’s Action Network Health Committee (New York CAN). “When a child is ill, how can we tell him to just wait a year to get health care?”

According to the report, the administration bypassed Congress in issuing the directive, which drastically alters the rules that have governed the State Children’s Health Insurance Program (SCHIP) for ten years. SCHIP is a federal-state partnership designed to provide affordable healthcare coverage to children.

By bypassing Congress, the administration overstepped its legal authority in issuing the policy changes, according to newly issued General Accountability Office (GAO) and Congressional Research Service (CRS) analyses cited in the report. Thirty governors and numerous members of Congress have called on the Bush administration to rescind the directive. A number of legal challenges have also been filed against the directive, including one from a New York family.

“The Bush Administration deliberately undermined the intent of Congress in issuing this rule. Congress should move swiftly to overturn the rule before more children are harmed,” said Lara Kassel, coordinator of the Medicaid Matters New York coalition.

New York’s Child Health Plus Program provides affordable health care for 394,200 children in families with incomes up to 250 percent of the federal poverty level (\$44,000 in pretax income for a family of three). Families are charged monthly premiums and co-pays based on a sliding scale.

The 2007-2008 state budget included a provision to expand the Child Health Plus program to cover children in families with incomes up to four times the federal poverty level. This expansion was scheduled to take effect September 1, 2007, but was conditioned on federal approval. When the federal government refused to approve the expansion, it was suspended.

There are approximately 400,000 children in New York without health insurance and the Census Bureau estimates that 77,000 of these children live in families with incomes between 250 percent of the poverty line and 400 percent of poverty. The CMS directive has delayed insurance coverage for these New York children.

This year, the 2008-09 state budget includes a Child Health Plus expansion that is not conditioned on federal approval. It is scheduled to go into effect on September 1, 2008 and expects to enroll 50,000 children. The federal share of this expansion for 2008-09 would be \$19 million but would grow to \$70 million in 2009-10 when the expansion is in effect for a full year. At a time when Governor Paterson and the New York State Division

of the Budget are predicting large budget gaps for the next three years, the CMS directive deprives New York's Child Health Plus program of federal support for this critical initiative.

“Unpaid medical bills piling up on the dining room table are not as obvious signals of trouble as foreclosure signs cropping up in yards, but the pain they can inflict is just as harmful,” said Cindy Mann, executive director of the Georgetown University Center for Children and Families. “This policy is clearly out of touch with the economic reality faced by uninsured families and states trying to help them.”

As the economy weakens, unemployment rises and more families lose access to affordable health insurance. According to a Kaiser Family Foundation study cited in the report, an estimated 1.1 million Americans become uninsured when unemployment rises by one percentage point.

The report is based on a growing body of new data and analyses by state officials, research organizations and legal experts. Copies of the report, “Out of Touch: A Status Report on the Impact of CMS's August 17th Directive on Children's Health Care Coverage,” are available at <http://ccf.georgetown.edu>.

The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, and economic public policy issues that affect the quality of life and the economic well being of New York State residents.

New York CAN is a broad-based initiative that brings together over 160 coalitions, organizations and individuals concerned about issues affecting children and families.

Medicaid Matters New York is a coalition of over 130 groups representing those most affected by Medicaid policy debates: the four and a half million New Yorkers who rely on this crucial public program for basic, lifesaving health care.

The Center for Children and Families (CCF) is an independent, nonpartisan policy and research center whose mission is to expand and improve health coverage for America's children and families. CCF is based at Georgetown University's Health Policy Institute.

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