

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Health Policy Committee

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BILL: CS/SM 1506

INTRODUCER: Health Policy Committee and Senator Peadar

SUBJECT: Urging Congress to Timely Reauthorize the State Children's Health Insurance Program

DATE: March 14, 2007

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Garner	Wilson	HP	Fav/CS
2.			HA	
3.				
4.				
5.				
6.				

**I. Summary:**

The bill is a memorial to the Congress of the United States urging Congress to timely reauthorize the State Children's Health Insurance Program (SCHIP). The memorial also:

- Urges the Governor to use his best efforts to work with the Florida congressional delegation to ensure the SCHIP is reauthorized;
- Recognizes that all components of state government should work together with educators, health care providers, social workers, and parents to ensure all available public and private assistance for providing health benefits to uninsured children is used to the maximum extent possible; and
- Urges the Governor to use his best efforts to provide meaningful assistance to help identify and enroll children who qualify for Medicaid or the Florida Kidcare program.

Finally, the memorial requires that copies of this memorial be dispatched to the President of the United States, the President of the United States Senate, and the Speaker of the United States House of Representatives.

**II. Present Situation:**

**State Children's Health Insurance Program**

The SCHIP, enacted as part of the Balanced Budget Act of 1997, created Title XXI of the Social Security Act, which provides health insurance to uninsured children in low-income families either through a Medicaid expansion, a separate children's health program, or a combination of both.

The SCHIP was designed as a federal/state partnership, similar to Medicaid, with the goal of expanding health insurance to children whose families earn too much money to be eligible for Medicaid, but not enough money to purchase private insurance. The SCHIP is the single largest expansion of health insurance coverage for children since the initiation of Medicaid in the mid-1960s.

Under the SCHIP, the federal government provides a capped amount of funds to states on a matching basis. The SCHIP funds are allocated annually to the 50 states, the District of Columbia, and the U.S. commonwealths and territories. Each state's annual SCHIP allotment is available as a federal match based on state expenditures and is available for 3 years, after which time any unspent funds may be redistributed to states that have already spent their allotments.

At the time of the SCHIP enactment, Congress appropriated approximately \$40 billion over 10 years (1998 through 2007) for allotments to states to expand health insurance coverage for millions of children. Appropriations were larger during the early years of the program, appropriations were reduced between 2002 and 2004, and appropriations then increased in the final years of the program's current authorization. Specifically, the federal authorizing statute appropriated the following amounts for allotment:<sup>1</sup>

- \$4,295,000,000 for FY 1998;
- \$4,275,000,000 for FY 1999 through FY 2001;
- \$3,150,000,000 for FY 2002 through FY 2004;
- \$4,050,000,000 for FY 2005 through FY 2006; and
- \$5,000,000,000 for FY 2007.

For the 2006-07 fiscal year, Florida's federal allotment is \$296,066,768<sup>2</sup> and the federal matching rate is 71.22 percent.<sup>3</sup>

### **SCHIP Reauthorization**

In order to continue operating the SCHIP without interruption, Congress must reauthorize and appropriate new funding for the federal program before September 2007. Of most significant concern is the inability of many states to continue funding their SCHIPs without timely reauthorization.

Nationally, the SCHIP spending was initially low, but now threatens to exceed available federal funding. Since 1998, some states have consistently spent more than their allotments, while others spent consistently less. States that earlier overspent their annual allotments over the 3-year period of availability could rely on other states' unspent SCHIP funds, a portion of which were redistributed to cover other states' excess expenditures. By fiscal year 2002, however, states' aggregate annual spending began to exceed annual allotments. As spending has grown, the pool of funds available for redistribution has shrunk. As a result, 18 states were projected to have

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<sup>1</sup> [http://www.cms.hhs.gov/MedicaidGenInfo/05\\_SCHIP%20Information.asp](http://www.cms.hhs.gov/MedicaidGenInfo/05_SCHIP%20Information.asp) (last visited on March 9, 2007)

<sup>2</sup> Amount of federal fund balances. <http://edr.state.fl.us/conferences/kidcare/fedfundsbal.pdf> (last visited on March 9, 2007)

<sup>3</sup> Federal medical assistance percentage for SCHIP. <http://ccf.georgetown.edu/pdfs/2006fmaprates.pdf> (last visited on March 9, 2007)

“shortfalls” of SCHIP funds, meaning they had exhausted all available funds in at least one of the final 3 years of the program. To cover projected shortfalls faced by several states, Congress appropriated an additional \$283 million for fiscal year 2006.<sup>4</sup>

The SCHIP reauthorization occurs in the context of debate on broader national health care reform and competing budgetary priorities, highlighting the tension between the desire to provide affordable health insurance coverage to uninsured individuals, including low-income children, and the recognition of the growing strain of health care coverage on federal and state budgets.

### **The Florida Kidcare Program**

The Florida Kidcare program was established in 1998 in response to the enactment of the federal SCHIP. The program is a combination of Medicaid expansions and public/private partnerships, with a wrap-around delivery system serving children with special health care needs. The Florida Kidcare program is primarily targeted to uninsured children under age 19 whose family income is at or below 200 percent of the federal poverty level (\$40,000 for a family of four in 2006). The Florida Kidcare program is outlined in ss. 409.810 through 409.821, F.S.

As structured, Florida Kidcare is an “umbrella” program that currently includes the following four components: Medicaid for children; Medikids; the Florida Healthy Kids program; and the Children’s Medical Service Network, which includes a behavioral health component. Family income level, age of the child, and whether the child has a serious health condition are the eligibility criteria that determine which component serves a particular child.

Enrollment in the Florida Kidcare program was initiated on October 1, 1998, and 1,388,520 children were enrolled in the various components of the Florida Kidcare program as of March 2007. Of this total, 207,626 children are Title XXI eligible, 26,906 children are non-Title XXI eligible, and 1,153,988 children are eligible under the Medicaid Title XIX program.

### **III. Effect of Proposed Changes:**

The bill is a memorial to the Congress of the United States stipulating the importance of health care coverage for children and that the Florida Kidcare Program is an integral part of providing health care services for children in the state. The memorial urges Congress to timely reauthorize the State Children’s Health Insurance Program (SCHIP). The memorial also urges the Governor to use his best efforts to work with the Florida Congressional delegation to ensure the SCHIP is reauthorized; recognizes that all components of state government should work together with educators, health care providers, social workers, and parents to ensure all available public and private assistance for providing health benefits to uninsured children is used to the maximum extent possible; and, urges the Governor to use his best efforts to provide meaningful assistance to help identify and enroll children who qualify for the Florida Kidcare program.

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<sup>4</sup> “Children’s Health Insurance: States’ SCHIP Enrollment and Spending Experiences and Considerations for Reauthorization.” Testimony Before the Subcommittee on Health, Committee on Energy and Commerce, House of Representatives. United States Government Accountability Office. March 1, 2007. Found at: <http://www.gao.gov/new.items/d07558t.pdf> (last visited on March 9, 2007)

The memorial requires that copies of this memorial be dispatched to the President of the United States, the President of the United States Senate, and the Speaker of the United States House of Representatives.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Section 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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