



American Public Human Services Association



National Association of State Medicaid Directors

an affiliate of the American Public Human Services Association

To: State Medicaid Directors

From: Martha Roherty, Director
Andrea Maresca, Senior Policy Associate

Date: August 7, 2007

Re: August Congressional Update

On August 3 and 4, the Senate and House, respectively, adjourned for the August congressional recess. Lawmakers are scheduled to return on September 4. One of the major issues to be considered prior to the congressional recess in both bodies was legislation to reauthorize the State Children's Health Insurance Program (SCHIP). Provided below is a summary of the respective House and Senate reauthorization proposals and the status of fiscal year (FY) 2008 funding for health and human services-related programs. As an addendum to this memo, we are providing a more detailed side-by-side comparison of the SCHIP proposals.

Please contact Martha Roherty at mroherty@aphsa.org or 202-682-0100 with any questions.

SCHIP REAUTHORIZATION UPDATE

Overview

Prior to adjourning for the August congressional recess, the House and Senate approved their respective versions of measures to reauthorize the State Children's Health Insurance Program (SCHIP). The bills have significant differences, including the scope of the expansion, treatment of income eligibility, and how to pay for the proposals. It is not currently clear whether the two bodies can reconcile their versions and secure the Administration's approval before existing SCHIP legislative authority expires on September 30, 2007.

House Update

By a vote of 225 to 204, the House of Representatives approved the Children's Health and Medicare Protection Act of 2007 (CHAMP), H.R. 3162, on August 1. The bill would expand SCHIP by \$47.4 billion over five years. According to the most recent Congressional Budget Office (CBO) estimates, this would allow the program to cover an additional five to six million uninsured individuals. The House offset the funding

*National Association of State Medicaid Directors
An Affiliate of the
American Public Human Services Association
810 First St. NE, Suite 500 ♦ Washington, DC 20002 ♦ (202) 682-0100*

increase for SCHIP with a 45-cent increase in the federal tobacco tax as well as numerous provider payment cuts in Medicare and changes to the Medicare Advantage program. The process leading to House passage was controversial and no amendments or alternative proposals were permitted during the debate by the full House.

Among other provisions, the House-passed measure would change the allocation formula so that 2008 funding allocations are based on 2007 allocations adjusted for health care cost increases and state population growth. Funding would be available for two years, rather than the current three year availability. Notably the House-passed measure does not make changes to current statutory language regarding income eligibility, which has been among the most controversial issues during the debate thus far.

Other major provisions of the bill include:

- Bonus payments to states for increasing SCHIP enrollment until fiscal year 2013;
- Mandated coverage of dental and mental health services and services provided by federally qualified health centers and rural health clinics;
- Changes to eligibility options that states can pursue, for example providing coverage for children up to age 21 using SCHIP funds;
- Extends the Transitional Medical Assistance (TMA) program through fiscal year 2011; and
- New pediatric quality initiative.

The bill also makes a number of changes related to Medicare and Medicaid for low income individuals, including making the Qualifying Individuals (QI-1) program permanent and extending the Dual Medicare-Medicaid Special Needs Plans (SNPs) and Institutional SNPs for three years.

The text of the legislation can be found at:

http://energycommerce.house.gov/CHAMP/CHAMP_index.shtml

The changes approved by the House Rules Committee can be found at:

<http://www.rules.house.gov/>

Senate Update

On August 2, 2007, the Senate approved S. 1893, the Children's Health Insurance Program Reauthorization Act of 2007. To comply with procedural rules, the bill was offered as the Baucus-Grassley-Rockefeller-Hatch substitute amendment to a tax measure (S. Amdt. 2530 to H.R. 976). The concepts included represent a bipartisan compromise reached by Senate Finance Committee Chairman Max Baucus (D-Mont.), ranking Republican Charles Grassley (R-Iowa), and committee members Sens. Jay Rockefeller (D-W.Va.) and Orrin Hatch (R-Utah).

The Senate-approved bill includes an increase of \$35 billion, bringing total funding for the SCHIP program to \$61 billion over five years. The proposal would fund the

reauthorization and expansion through a 61-cent increase in the existing federal tobacco tax. According to the CBO, the measure would reduce the number of uninsured children by 4.1 million by 2012, in addition to preserving coverage for the six million children currently enrolled in SCHIP.

Throughout the Senate debate, several amendments were offered that would have fundamentally altered the committee-passed bill. These amendments were defeated largely because key Finance committee members sought to preserve the bipartisan compromise. Among the defeated amendments were a proposal to add \$50 billion to the program that was rejected by a vote of 36-60 and a Republican substitute that failed by a 35 to 61 vote.

A complete list of the amendments and roll call votes can be found at:
http://www.senate.gov/legislative/LIS/roll_call_lists/vote_menu_110_1.htm

Administration Update

The Bush Administration issued two “Statements of Administration Policy” (SAP) opposing both of the chambers’ respective measures. The SAPs reiterated comments made in recent weeks by the President and Administration officials, specifically that the President would likely veto a measure resembling the congressional bills in their current forms. The SAPs can be found at:

<http://www.whitehouse.gov/omb/legislative/sap/110-1/index-date.html>

Outlook

House and Senate staff members plan to begin ironing out the differences in their respective bills during the August congressional recess. Significant differences exist between the measures and the discussions will be complicated by opposition from the Administration. Senate Republican leaders already have begun to reach out to White House officials to discuss their concerns.

At this time, it is unclear whether the Congress and the Administration will reach agreement on a reauthorization proposal prior to September 30, 2007. Should an impasse occur, officials may consider short-term extensions as currently authorized, short-term extensions with modifications in funding, or a longer-term extension.

FY 2008 APPROPRIATIONS

Status and Highlights

On July 19, 2007, the House of Representatives approved the FY 2008 appropriations bill (H.R. 3043) for the departments of labor, health and human services, and education and related agencies by a vote of 276-140. The Senate Appropriations Committee approved its FY 2008 funding measure (S. 1710) on June 16, 2007. A vote has not yet been

scheduled on the Senate floor. Congressional staff members have speculated on the possibility that the measure could be included in an omnibus bill later this year.

Listed below are a summary of the major funding changes in health-related programs and a table with more detailed information for other health and human services programs. The most current information and legislative language can be accessed at:

<http://thomas.loc.gov/home/approp/app08.html>

Health Highlights

Access to Health Care Initiatives. This year the House Appropriations Committee included two new line items as part of its efforts to increase access to health care for the uninsured. The committee approved \$50 million to assist states in providing high-risk insurance pools. In addition, the House-approved bill includes \$75 million for state health access grants to begin to address the problems faced by the uninsured. The grants would be awarded competitively to states that demonstrate they have a program design ready to implement and that they have achieved the necessary state and local statutory or regulatory changes. States that have already developed a comprehensive health insurance access program would not be eligible to apply. The types of activities that could be eligible include:

- “Three share” community coverage (employer, State or local government, and the individual);
- Reinsurance plans that subsidize a certain share of carrier losses within a certain risk corridor;
- Subsidized high risk insurance pools;
- Health insurance premium assistance;
- Creation of a state insurance ‘connector’ authority to develop new, less expensive, portable benefit packages for small employers and part-time and seasonal workers;
- Development of statewide or automated enrollment systems for public assistance programs; and
- Other innovative strategies to insure low-income childless adults

Two types of state grants would be available: target grants (\$2-4 million annually per state) for states that choose to target particular populations such as uninsured children, small business employees, or uninsured seniors; or comprehensive grants (\$7 -\$10 million annually per state) for large states or those that are planning more extensive coverage initiatives. The committee intends that each grant be awarded based on a three-year grant period, with funding distributed each year based on attaining benchmarks that would be designated in the grant award. States would be required to match 20 percent of the Federal grant through non-Federal resources.

To date the Senate has not approved similar language.

Rural Health Programs. The House of Representatives and the Senate Appropriations Committee restored and increased funding for rural health programs that were eliminated or significantly cut in the President's budget request.

Community Health Centers. The House and the Senate Appropriations Committee approved significant increases in funding for federally qualified health centers (FQHCs) that are above the increase included in the President's budget. These funds will support programs which include community health centers, migrant health centers, health care for the homeless, and public housing health service grants. The increase approved by the House would support the care of approximately one million additional patients, a 5.7 percent increase over the current patient population.

| Table 1. Status of Funding for Major Health and Human Services Programs, Fiscal Year 2008 (in millions) | | | |
|--|---|---|--|
| Program | President's Budget Request for FY 2008 | House Approved Level (H.R. 3043) | Senate Appropriations Committee (S. 1710) |
| CHILD WELFARE | | | |
| Promoting Safe and Stable Families Program (Title IV-B, Subpart 2-PSSF) | 305.0 | 305.0 | 305.0 |
| Substance Abuse Grants (PSSF) | 89.1 | 89.1 | 89.1 |
| Court Improvement Program | 20.0 | 20.0 | 20.0 |
| The Mentoring of Children Prisoners Program | 50 | 49.4 | 49.4 |
| Child Welfare Training (IV-B) | 7.3 | 7.3 | 7.3 |
| CAPTA Child Protective Services State Grant Program | 27.0 | 27.0 | 27.0 |
| CAPTA Child Protective Services State Grant Program | 27.0 | 27.0 | 27.0 |
| CAPTA Discretionary Grants | 36.1 | 36.1 | 37.7 |
| CAPTA Community-Based Grants for Prevention of Child Abuse and Neglect | 42.4 | 42.4 | 42.4 |
| Social Services Block Grant (Title XX) | 1,200.0 | 1,700.0 | 1,700.0 |
| OUT-OF-HOME CARE SERVICES | | | |
| Foster Care Program (Title IV-E) | 4,593.0 | 4,593.0 | 4,593.0 |
| ADOPTION SERVICES | | | |
| Adoption Assistance Program (Title IV-E) | 2,159.0 | 2,159.0 | 2,159.0 |
| Adoption Awareness | 12.6 | 14.6 | 12.6 |
| Adoption Incentive Payments | 14.0 | 9.5 | 9.5 |
| Interstate Placement Incentive Payments | 10.0 | 0 | 0 |
| YOUTH SERVICES | | | |

| | | | |
|--|-----------|-------------|-------------|
| Independent Living Program (Title IV-E) | 140.0 | 140.0 | 140.0 |
| Education and Training Vouchers | 46.1 | 46.1 | 46.1 |
| Runaway and Homeless Youth Act | 87.8 | 97.8 | 102.8 |
| WORKFORCE INVESTMENT ACT¹ | | | |
| Adults | 712,000.0 | 864,199.0 | 864,199.0 |
| Dislocated Workers | 902,939.0 | 1,189,811.0 | 1,189,811.0 |
| Youth | 840,500.0 | 940,500.0 | 940,500.0 |
| CHILD CARE SERVICES | | | |
| Child Care & Development Block Grant (Discretionary Fund) | 2,062.1 | 2,137.0 | 2,062.1 |
| Child Care and Development Block Grant (Mandatory Fund) | 2,917.0 | 2,917.0 | 2,917.0 |
| Head Start | 6,789.0 | 6,963.5 | 7,088.5 |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION PROGRAMS | | | |
| Community Health Centers | 1,988.5 | 2,188.0 | 2,238.0 |
| State Health Access Grants (new line item) | -- | 75.0 | -- |
| National Health Service Corps | 116.0 | 131.5 | 125.7 |
| Maternal and Child Health Block Grant | 693.0 | 750.0 | 693.0 |
| Ryan White AIDS programs (program level) | 2,158.0 | 2,237.1 | 2,171.0 |
| Rural Health Programs ² | 16.8 | 137.0 | 100.0 |
| CENTERS FOR DISEASE CONTROL | | | |
| Health Promotion | 958.7 | 1,002.2 | 979.9 |
| Health Information and Service (program level) | 222.7 | 243.5 | 232.7 |
| Chronic Disease Prevention And Health Promotion | 834.2 | 851.2 | 851.2 |
| Terrorism Preparedness and Response Activities | 1,504.4 | 1,589.3 | 1,632.4 |
| Preventive Health and Health Services Block Grant | 0 | 109.0 | 99.0 |
| SAMHSA | | | |

¹ H.R. 3043 - Of the unexpended balances, including recaptures and carryover, remaining from funds appropriated to the Department of Labor under this heading for fiscal years 2006 and prior years, \$335,000,000 is rescinded.

President's Budget - Of the unexpended balances remaining from funds provided to States for Youth, Adult and Dislocated Worker formula programs under the Workforce Investment Act and available to States during program year 2006, \$335,000,000 is hereby cancelled: Provided, That the Secretary of Labor may apply any portion of a State's share of this cancellation to funds otherwise available to the State for such programs during program year 2007.

² Rural health programs include rural health care services outreach grants, rural health research, rural hospital flexibility grants, rural and community access to emergency devices, and state offices of rural health.

| | | | |
|--|-----------|-----------|-----------|
| Center for Mental Health (program level) | 807.2 | 905.8 | 923.8 |
| Center for Substance Abuse Treatment (program level) | 2,110.7 | 2,192.9 | 2,185.2 |
| Center for Substance Abuse Prevention | 156.5 | 193.0 | 197.2 |
| CMS | | | |
| CMS – State High Risk Pools (new program) | 0 | 50.0 | |
| Grants to States for Medicaid ³ | 141,628.1 | 141,628.1 | 141,628.1 |
| Health Care Fraud and Abuse Control ⁴ | | 383.0 | 383.0 |

³ This amount excludes \$65,257,617,000 in FY 2007 advance appropriations for FY 2008. In addition, \$67,292,669,000 is provided for the first quarter of FY 2009, as requested by the administration.

⁴ The \$383 million is to be transferred from the Medicare trust funds. This account has not been funded using discretionary funds in prior years. This amount is in addition to the \$1,131 billion in mandatory monies for these activities, for a total of \$1,514 billion for health care fraud and abuse control activities in fiscal year 2008 for Medicare and Medicaid.