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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/07

SPONSOR Cravens LAST UPDATED 02/10/07 HB \_\_\_\_\_

SHORT TITLE Children's Health Insurance Program Funding SM 16

ANALYST Hanika Ortiz

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Memorial 16 urges New Mexico's congressional delegation to ensure the timely reauthorization and adequate funding of the State Children's Health Insurance Program (SCHIP).

### FISCAL IMPLICATIONS

More than 4 million low-income children, most of whom would otherwise be uninsured, are enrolled in SCHIP. Unlike Medicaid, an entitlement program whose federal funding increases automatically to compensate for increases in health-care costs, SCHIP is a block grant with a fixed annual funding level. As a result, the federal SCHIP funding that states receive is not keeping pace with the rising cost of health care or population growth.

In FY07, the final year of SCHIP's original ten-year authorization, many states are expected to have inadequate SCHIP funds to cover the same number of beneficiaries as in 2006. Shortfalls will become much more severe and widespread after 2007 if Congress freezes the annual SCHIP block grant at its 2007 level of \$5.04 billion when it reauthorizes SCHIP next year.

## **SIGNIFICANT ISSUES**

The Memorial states the following;

- The health of New Mexico's children is of paramount importance to families in the state; and
- The poor health of children is a threat to the educational achievement and social and psychological well-being of the children of New Mexico; and
- Protecting the health of children is essential to the well-being of the youngest citizens and the quality of life in the state; and
- The SCHIP is an integral part of the arrangements for health benefits for the children of the state of New Mexico; and
- The value of the SCHIP in preserving child wellness, preventing and treating childhood disease, improving health outcomes and reducing overall health costs is well-recognized; and
- Federal funding available for the SCHIP is indispensable to providing health benefits for children of modest means.

The Legislature urges through this Memorial for state government to work together with educators, health care providers, social workers and parents to improve health benefits for uninsured children. The Legislature further urges the Governor to provide meaningful assistance to help identify and enroll children who qualify for Medicaid or the SCHIP.

## **PERFORMANCE IMPLICATIONS**

Copies of this Memorial, if passed, will be transmitted to the New Mexico congressional delegation and to the Governor.

## **OTHER SUBSTANTIVE ISSUES**

Next spring Congress will decide the future of two critically important programs that currently provide health insurance to 30 million children and hold the keys to covering the remaining 9 million children nationally who still lack coverage. Congress is expected to debate reauthorization of the SCHIP at the same time that it considers major changes to the Medicaid program. Medicaid provides states matching funds to cover more than 25 million low-income children, while SCHIP makes block grants that help states offer affordable coverage to an additional 4 million children from families with slightly higher incomes. Yet, despite their remarkable success in expanding coverage for children over the past decade, Medicaid and SCHIP now face an uncertain future.

The nation stands at a crossroads on children's health. Most health care experts see strengthening Medicaid and SCHIP as the best path to covering the remaining 9 million uninsured children in the United States. The goal of covering all children is within sight and would be a historic accomplishment. Yet Medicaid has been the focus of budget cuts in Congress and in state capitals and the SCHIP program is running out of money. Next year, 17 states will exhaust their SCHIP funds. Just to cover the existing number of children who depend on SCHIP, Congress will have to add \$12-18 billion over the next five years. Without any additional funding, 1.8 million low-income children may lose their health insurance.