

Rhode Island Will Have Insufficient Federal SCHIP Funding in 2007 Congress Must Act Now to Avert the SCHIP Funding Shortfall

In the upcoming federal fiscal year 2007, which starts this October 1st, Rhode Island and at least 16 other states will have insufficient federal State Children's Health Insurance Program (SCHIP) funding to sustain their existing SCHIP programs. The aggregate federal funding shortfall among the states is projected to be between \$900 and \$950 million.ⁱ

In Rhode Island, the total federal funding shortfall will be an estimated \$41.5 million.ⁱⁱ

Rhode Island will face this shortfall because it is projected to need \$63.4 million in federal SCHIP funds for its current program in 2007 but will have only \$21.9 million in federal funding available.

In Rhode Island SCHIP provides funding for RItE Care coverage for certain pregnant women, and for parents and children in working poor families. SCHIP provides a higher federal matching rate than the regular Medicaid program which also funds RItE Care.

Because of the shortfall in SCHIP funding Rhode Island will either have to increase state funding or cut back RItE Care by reducing eligibility, increasing beneficiary premiums, reducing benefits and/or reducing provider payments.

Last year, when Rhode Island also faced a SCHIP shortfall, the Governor proposed rolling back parent eligibility for RItE Care, cutting 7,000 parents from the program and closing the door to health care for poor working parents. In addition, the Governor proposed that very poor families start to pay a monthly premium for RItE Care and that those already paying contribute even more. Finally, the Governor proposed eliminating the state-funded program for non-citizen children. Additional SCHIP funding was authorized by Congress in April of 2006 which helped RI policymakers avoid most of these cuts. However, coverage for non-citizen children was eliminated except for those enrolled by December of 2006.ⁱⁱⁱ

Governor Carcieri has joined eleven other Governors in signing a letter to President Bush urging him to address the 2007 funding shortfall.

Before adjourning, this Congress should ensure that states face no federal funding shortfall in 2007. As it did last year, Congress should increase SCHIP funding by the amount needed to fully address the aggregate 2007 federal funding shortfall and target those additional funds to the 17 states, including Rhode Island, projected to have inadequate federal funding for next year.

The number of children without health insurance in Rhode Island has risen from 5.8% in 2004 to 6.8% in 2005.^{iv} The failure of Congress to address the SCHIP shortfall could result in even more children as well as parents in Rhode Island without the health insurance they need to access quality preventive health care.

ⁱ The range includes estimates from the Centers for Medicare and Medicaid Services, the Congressional Research Service and the Center on Budget and Policy Priorities.

ⁱⁱ Center on Budget and Policy Priorities estimate.

ⁱⁱⁱ SCHIP does not cover non citizen children, however the higher federal matching state in SCHIP means the state spends less of its own funds in RItE Care for eligible pregnant women, parents, and children, thus freeing up state dollars to provide coverage for children not eligible for federal SCHIP or Medicaid. This state funded group includes legal permanent resident children living in the U.S. less than five years, other legally present children like Liberians, and other children who are undocumented.

^{iv} RI Kids Count, 3 year averages of CPS data, 2002-2004 compared to 2003-2005.