

The McConnell CHIP Proposal is Bad for Children

Senator Mitch McConnell recently announced that in the Senate floor debate over CHIP, he will offer an amendment containing a Republican alternative (the “Kids First Act”) to the bipartisan Senate Finance Committee’s CHIP reauthorization bill. McConnell’s bill poses a serious threat to the coverage of millions of low-income children, who would lose coverage – or who would remain uninsured – under the policies in his bill. It also attaches several private market health care proposals that would be harmful to low-income children and families.

The so-called “Kids First Act” would *increase* the number of uninsured children by:

- **Failing to provide adequate funding:** By only providing an additional \$13.9 billion for CHIP, the bill would halt progress on insuring uninsured children. The 6 million uninsured children who are eligible for coverage today would remain in the ranks of the uninsured.
- **Cutting federal funding for some children, pregnant women and all adults:**
 - The bill would cut federal funding for states that cover children and pregnant women with income over 200% of poverty, putting coverage for hundreds of thousands of children at risk. Without full federal support for these children, *states will be forced to scale back benefits or cut eligibility* in order to stretch limited funds.
 - The bill also cuts federal funding for parents in CHIP, and prohibits states from covering any more parents. Because covering parents is a proven strategy for increasing children’s enrollment, these policies will result in the loss of coverage for children as well.
- **Eliminating state flexibility to decide who’s eligible.** The bill takes away states’ control over eligibility standards by setting a national standard for income determination. This would result in thousands of children being cut off of CHIP and would make many more ineligible, stymieing future attempts to reduce the number of uninsured children in this country.
- **Failing to adequately invest in outreach to eligible, uninsured children.** The bill pays lip service to boosting outreach and enrollment, but it fails to provide states with additional tools or incentives to do the job.
- **Throws CHIP money out the window.** The bill prohibits unspent CHIP allotments from being redistributed among other states, potentially allowing millions of dollars targeted for children’s health coverage to expire rather than be reinvested in the program.
- **Cutting federal funding for Medicaid.** By capping the amount of money states have to use on administrative expenses in Medicaid, the bill jeopardizes essential administrative services, like targeted case management, that children need.
- **Making it harder for children and adults with private insurance to get health care they need by:**

- **Cutting access to care for children with private insurance:** The bill would allow insurers to ignore state laws and protections that ensure children and adults get access to medically necessary care such as well child care, blood lead screening, screening for autism, treatment of metabolic disorders, treatment of cleft palate, second medical opinions, diabetes supplies and education.
- **Making private insurance unaffordable for people who are sick.** “Association Health Plans” would be allowed to charge as much as 12 and a half times the rates charged to a group of healthier employees for people who are sick, and over time, premiums could vary even more.
- **The bill would encourage people to buy high deductible health plans that do not adequately protect them or their children.** By diverting federal dollars to tax breaks for purchasing high deductible health plans with HSAs, the bill would encourage people to buy plans in which they must pay the first \$2200 and \$5650 of their families’ health expenses before their coverage begins. This reduces access to care for those who cannot afford these expenses, and drives families into medical debt and even bankruptcy.