 Summary of All Healthy Children Act (H.R. 1688)  
March 2007

Background and Purpose. Nine million children under age 19 in the United States have no health insurance. Every 46 seconds, another child is born uninsured in America. Almost 90% of these children live in households with working parents and more than half live in two-parent households. Many of these children are eligible for coverage under Medicaid and the State Children’s Health Insurance Program (SCHIP) but are not enrolled in existing programs in large part because of different eligibility and enrollment barriers that make it difficult to obtain or keep coverage. Millions more children are underinsured or at risk of losing coverage if their parents change jobs or more employers drop family coverage.

The All Healthy Children Act (H.R. 1688) is a logical, smart and achievable incremental next step to close the child health insurance gap and guarantee all children the health coverage they need to survive, thrive and learn. This bill would blend and expand existing children’s health insurance programs to ensure that all children, regardless of the state in which they live, have quality comprehensive coverage with simple enrollment rules and retention processes.

Consolidation and Strengthening of Children’s Health Coverage. Currently, two different programs cover uninsured children—Medicaid and the State Children’s Health Insurance Program (SCHIP). Medicaid guarantees comprehensive coverage to over 25 million children. SCHIP is a state block grant, which provides coverage to some 5 to 6 million children with benefits that vary by state and are not guaranteed. The All Healthy Children Act (H.R. 1688) would consolidate the children’s portion of Medicaid (Title XIX of the Social Security Act) and the SCHIP program (Title XXI of the Social Security Act) to create one new streamlined children’s health insurance program building on the best successes and features of both existing programs. All eligible children would be guaranteed coverage and comprehensive benefits in the new program.

- Administration. This new program would be administered by the states with enhanced federal financial support for expansions and improvements to cover all children and ensure all an equal benefit package.

- Eligibility. The Act would establish national eligibility criteria to ensure all low- and moderate-income children access to coverage regardless of state of residence. Currently, wide differences in eligibility and benefits between states result in major inequities in access to care. All children and pregnant women living in families with incomes at or below 300% of the federal poverty level ($61,950 for a family of four in 2007) would qualify for the new program. Other children currently eligible for Medicaid under current law would also be eligible, including former foster children through age 20 and certain children with special needs.

Families with incomes over 300% of the federal poverty level could buy coverage for their children through the program. States would have the option to subsidize some children who have particularly high health care costs or who live in areas with a high cost of living.

Families who have employer-sponsored insurance could receive supplemental coverage under the program if their existing insurance does not provide full benefits for all the health and mental health services a child needs. As under current SCHIP law, states would be required to adopt policies to prevent the program from replacing employer-sponsored coverage.
• **Benefits.** The program would cover all medically necessary health services, including early periodic screening, diagnosis and treatment services now covered under Medicaid. Currently, not all SCHIP programs cover all necessary care. States would be required to offer a choice of health plan options where feasible.

• **Enrollment.** The bill would require the Secretary of Health and Human Services (HHS) to establish a streamlined enrollment system incorporating the best practices and lessons from Medicaid and SCHIP. This must include a simple, short application form allowing self-attestation of eligibility; no asset or resource test; options for submitting applications in person, on-line, by mail or as part of an application for other federally-funded, means-tested programs; 12-month continuous eligibility periods; presumptive eligibility; and application assistance that is culturally and linguistically competent and accessible to those with limited ability to communicate. No citizenship or legal residency documentation or test would be permitted. Automatic enrollment (without separate application and with the right of parents or guardian to decline coverage) would occur for children who have already applied or qualified for other means-tested programs including the National School Lunch Program, food stamps, WIC, and subsidized child care, as well as at other critical junctures in life such as birth, enrollment in school, and issuance of a Social Security card.

• **Cost-Sharing.** No premiums or co-payments could be charged to families with incomes at or below 200% of the federal poverty level (FPL), and no premiums would be charged for families between 201% and 300% of FPL. Nominal co-payments could be charged for families with incomes between 201% and 300% of the FPL. Families with incomes above 300% of FPL who buy-in to the program would pay both co-payments and premiums.

• **Federal Financial Contribution.** The federal government would establish matching payment rates at levels between current Medicaid and SCHIP payment rates sufficient to ensure coverage of all eligible children without imposing new costs on any state. States may receive additional federal payments if they exceed state-specific targets for covering uninsured children or if they encounter economic downturns.

• **Guaranteed Coverage.** Like Medicaid, the new program would guarantee coverage and matching federal dollars for all eligible children. In contrast, the current SCHIP program allows states to deny coverage to fully eligible children and places artificial caps on each state’s federal funding based on complex statutory formulas rather than children’s needs.

• **Provider Reimbursement Rates.** Inadequate provider reimbursement rates often make it difficult for parents to find health care providers willing to accept children with Medicaid or SCHIP coverage. Payment rates for providers will be not less than 80% of the average payment rates for similar services under private health plans, at levels sufficient to ensure that enrollees have adequate access to all services covered under the program.

• **Transition.** All children currently enrolled in Medicaid or SCHIP would automatically qualify for and be enrolled in the new program.

• **Commission on Children’s Health Coverage.** A Commission on Children’s Health Coverage would be established and directed to issue annual reports to Congress evaluating the status of children’s health coverage and to make recommendations to Congress for policy improvements at the state and national levels and in the private sector. No later than three years after passage of this Act, the Commission would present Congress with proposed statutory changes that would result in comprehensive health coverage of all children based on gaps experienced under this proposal. These recommendations would receive rapid and privileged consideration in the U.S. House and Senate.