



SCHIP Reauthorization Update

September 21, 2007

Congress is working hard to negotiate a compromise to reauthorize SCHIP before it expires on September 30. Prior to the August recess, both the Senate and House passed bills reauthorizing the program. The \$50 billion House bill, H.R. 3162, is the larger of the two in both scope and cost. It contains a number of Medicare provisions, including cuts to Medicare Advantage plans. The bill was passed in the House by a narrow vote of 225-204, almost entirely along party lines. In contrast, the Senate bill has maintained strong bipartisan support and is less extensive and costly. The Senate bill will add \$35 billion to SCHIP funding over five years to \$60 million annually and increase the national cigarette tax to 61 cents a pack, compared to 45 cents in the House bill. The President has threatened to veto both versions of the bill.

Currently, lawmakers are working around the clock to reconcile the differences and craft a reauthorization bill that can be approved by both chambers. With such little time remaining, House and Senate negotiators have decided to bypass a formal conference committee, and instead, have decided to craft a new bill which the House will pass using the Senate bill as its base. On Wednesday, September 19, Senate Finance Committee ranking member Charles Grassley (R-IA) released preliminary details on the new House bill. The legislation closely resembles the original Senate bill and will boost funding for SCHIP by \$35 billion over the next five years. While the bill will not include House measures to cut private Medicare plans and payments to doctors, several concessions were made to garner wider House support. Grassley informed *Congress Daily* that Senate Finance Chairman Max Baucus (D-MT) was able to incorporate \$300 million for dental coverage (which was included in the House SCHIP bill but not the Senate bill) without increasing spending. The new bill uses the House-approved funding formula, but caps funding at the Senate level. The legislation is also notably rumored to offset the eligibility restrictions imposed by the White House in late August that limit coverage to only the lowest-income children.

House Speaker Nancy Pelosi (D-CA) has announced that her Caucus could be voting on the legislation as early as next Tuesday, September 25th. While many House Democrats would like to see the final product include Medicare terms, compromising appears to be the only way to produce a strong bipartisan bill by the end of the month. The Senate is willing to include small House provisions, but they do not want to risk losing support within the chamber by making any significant changes.

Likewise, many House Democrats are concerned that they may not have the support necessary to pass the narrower Senate bill. Several members have expressed concern that the bill will lose votes due to the lack of Medicare provisions and the more substantial cigarette tax. On the other hand, a handful of moderate Republicans may be willing to vote in favor of the more reasonably-priced bill despite GOP pressure to do otherwise. The final vote count on the measure will certainly come down to the wire.

Following the House vote, the bill will be sent to the Senate for approval. Despite strong opposition from Senate Republicans, Grassley and Baucus anticipate the legislation will be passed quickly with the 60 votes necessary to override the veto.

To make matters even more complicated, the President said today that instead of pushing a bill through Congress in the next ten days, policymakers should pass a temporary extension of the current program. “Members of Congress are putting health coverage for poor children at risk so they can score political points in Washington” said Bush. In addition, he renewed his vow to veto a measure to expand SCHIP by \$35 billion over five years with the cost offset by an increase in the cigarette tax. He said the measure would result in “millions” of children shifting from private health insurance to the government program and raise taxes on “working people.” In response, Speaker Pelosi said, “If the Republicans think it’s a winner to say we prefer not taxing cigarettes and to not insure children, that’s a fight we welcome.”

Despite Bush’s remarks, Congress remains confident that a temporary extension will not be needed. “The Senate and the House are coming together on a real renewal and improvement of the Children’s Health Insurance Program before the current authorization expires on September 30” announced Baucus. “The President must drop his threat to block this help for kids, and join Congress in the next 10 days for a real renewal.”