THE AMERICAN CHILD HEALTH ASSURANCE ACT OF 1997

Sponsored by Senators Gramm, Roth, Coverdell, Enzi, Thomas, Santorum

In order to increase access to health care coverage for the 3.2 million children who are not eligible for Medicaid and whose annual family income is below $32,100 for a family of 4 (which is 200% of the 1997 federal poverty guidelines), Republicans will:

- More than *Double* funding for the Maternal & Child Health Block Grant program

Provide $3.75 billion over 5 years in additional funding for the existing Maternal and Child Health Block Grant program by re-targeting the Earned Income Credit (EIC) to its originally intended recipients---children in low income families---and repealing the 1993 EIC expansion to families without children. The reform legislation will also strengthen current law to insure that prison inmates are not eligible for the EIC. The additional funds will be made available on a 3-1 Federal-State matching share basis and will be allocated proportionately based on the number of uninsured children in each state.

The Maternal and Child Health Block Grant program is funded at $681 million in FY 97. The new funds would be in addition to, not in place of, the annual discretionary funding level for this block grant program. Such funds will be available to states for use in providing health care coverage for uninsured children.

The authorization for the existing block grant program stipulates that it is "...to provide and to assure mothers and children (in particular those with low income or with limited availability of health services) access to quality maternal and child health services...". The September 1996 report to Congress from the Maternal and Child Health Bureau states, "...(the block grant program) has become so successful that it is seen as a model for designing State Block Grants in the 1990's."

States will retain flexibility on how best to utilize the grant funds in order to provide increased opportunities for children's health care coverage. Such initiatives may include--but are not limited to--subsidies for private insurance premiums; vouchers to families for the purchase of health insurance; and provision of insurance through community-based organizations.

- Expand state flexibility in the use of Medicaid funds

Adopt Medicaid reforms recommended by the National Governors Association, which expand state flexibility and build on the efforts already underway at the state level to strengthen outreach initiatives and expand health care coverage for children. Allow states to use premiums & co-payments in order to expand the capacity of new and existing programs to provide health care coverage for children.

Permit the enrollment of individuals in managed care without the need to obtain a federal waiver. Expand home and community-based care as an alternative to institutional care without the requirement to obtain a federal waiver. Repeal the Boren amendment, thereby allowing states to control provider payment rates.

- Increase personal freedom with Medical Savings Accounts

Repeal the current limitations on personal choice and freedom and permit families whose annual income is below 200% of the poverty guidelines to establish a MSA to help provide health care for their children.

Removal of the arbitrary limitations on the use of MSA's will enable more parents to consider more options in determining how best to provide health care coverage for their children.

Contribution limits, deductible requirements, employer participation and other guidelines will remain as stated in the 1996 Health Insurance Portability and Accountability Act.

April 17, 1997

THE REPUBLICAN INITIATIVE TO ASSURE HEALTH CARE FOR CHILDREN

- In order to provide expanded health care coverage for uninsured children, we propose:

  1. A 100% increase in funding for the existing Maternal and Child Health Block Grant program and

  2. Adoption of Medicaid reforms supported by bipartisan National Governors' Association in order to give states more flexibility in providing health care to children.

- Provide $3.5 billion over 5 years and $7.6 billion over 10 years in additional funding to the Maternal and Child Block Grant program. These funds will be obtained by targeting the Earned Income Credit (EIC) to its original recipients---children in low income families---and repealing the 1993 EIC expansion to families without children.

- These funds will be made available on a 4-1 Federal-State matching share basis. States will retain flexibility on how best to utilize the money in order to provide health care for uninsured children. Distribution of the funds will be based on a formula which reflects for each state the number of families (with children) and income below 200% of the federal poverty level ($32,100 for a family of 4).

- Among the Medicaid reforms supported by the Governors which will be included in the children's health care initiative are: enrollment of individuals in managed care without the need to obtain a federal waiver; expansion of home and community-based care as an alternative to institutional care without a federal waiver; repeal of [illegible] payment rates; and others.

4/7/97