

Health Investments Options

- The budget invests a total of \$19 billion between 1998 and 2002 in expanding coverage for children and workers between jobs. The coverage expansions include:
- **Workers Between Jobs Initiative:** Invests \$9.8 billion to provide temporary coverage for 3.3 million people, including 700,000 children, who lose their insurance when they lose their jobs.
- **Children's State Partnership Grant Program:** Invests \$3.8 billion (plus \$0.8 billion in Medicaid outreach costs) to cover about 1.4 million children through state-designed programs.
- **Medicaid Expansions:** The health investments packages also include the state option to extend Medicaid coverage for twelve continuous months and the indirect effect on Medicaid of the grant program (outlined in the Medicaid tables and earlier discussions).

Note that 2 of the 5 million children that we aim to cover through the children's health initiative are not paid for in the budget. About one million children are being phased in through the poverty-related coverage expansion. Another one million will be covered through our efforts to enroll children eligible for Medicaid under current law. We will pay for these children in the baseline since we are essentially executing current law. However, you should know that we have been criticized for including this 2 million as part of the 5 million children who will obtain coverage.

- If it is necessary to achieve more savings, we can reduce the health investments. As the attached table shows, this would have the effect of reducing coverage commensurately. Option 1 eliminates the workers between jobs program, retaining about \$6 billion over five years for children. In doing so, we can both save about \$4 billion and increase coverage of kids by 4 million, about one million more than the original plan. However, the consequence of dropping the workers between jobs programs is that we lose coverage of about 2.6 million adults, many of which are parents of children.
- Option 2 removes both of our new programs: the workers between jobs initiative and the state partnership grant program. It keeps the Medicaid 12-month continuous coverage policy. This will be well received by Republicans because it does not create any new programs and requires a modest investment. It is over \$10 billion less than our original investment. However, its claim as a real coverage expansion is tenuous.
- We did not fund the last year of the workers between jobs initiative, mostly because we could not get to balance in 2002 with its funding included. This means that we do not cover 5 million children in 2002 since we lose the 700,000 children covered by this policy (the 5 million kids covered estimate is for 2000). It also means that eliminating this provision from our budget does not contribute at all to achieving balance in 2002. However, Republicans assume that this program will continue past 2001 because it will be hard to repeal it once it is established. In light of this, we show it in both ways (continuing the policy is shown in brackets).

Estimates of the President's Budget Plan: HEALTH INVESTMENTS
(By fiscal year, in billions of dollars)

	Coverage In 2002 /1	Federal Costs	
		2002	1998-2002
NON-MEDICARE / NON-MEDICAID HEALTH INVESTMENTS			
Workers Between Jobs /2	0 [2.6 million adults] 0 [700,000 kids]		
SUBTOTAL	0 [About 3.3 million]	\$0.0 [\$2.9]	\$9.8 [\$12.7]
Children's State Partnership Grant Program	1 million kids	\$0.8	\$3.8
NOTE: Also has a Medicaid Outreach Component	400,000 kids	\$0.2	\$0.8
SUBTOTAL WITH MEDICAID	1.4 million kids	\$1.0	\$4.6
HEALTH PACKAGES			
BASE			
Medicaid Outreach /4	1 million kids		
Continue Current Law Medicaid Expansion /5	1 million kids 2 million kids	\$0.0	\$0.0
PRESIDENT'S BUDGET			
Workers Between Jobs /2	0 [2.6 million adults] 0 [700,000 kids]		\$9.8 [\$12.7]
Children's State Partnership Grant Program w/ Medicaid Outreach	1.4 million kids	\$1.0	\$4.6
12-Month Continuous Medicaid Eligibility	1 million kids	\$1.1	\$4.9
SUBTOTAL	[About 2.6 million adults] About 2.4 -3.1 million additional kids	\$2.1 [\$5.0]	\$19.3 [\$22.2]
OPTION 1			
ELIMINATE Workers Between Jobs /2			
Children's State Partnership Grant Program w/ Medicaid Outreach	0 adults 1.4 million kids	\$1.0	\$4.6
12-Month Continuous Medicaid Eligibility	1 million kids	\$1.1	\$4.9
Keep \$6 in Savings for Kids	1.6 million kids	\$2.0	\$6.0
SUBTOTAL	About 4 million additional kids	\$4.1	\$15.5
OPTION 2			
ELIMINATE Workers Between Jobs /2			
ELIMINATE Children's State Partnership Grant Program			
12-Month Continuous Medicaid Eligibility	0 adults 1 million kids	\$1.1	\$4.9
Keep \$3 in Savings for Kids	800,000 kids	\$1.0	\$3.0
	About 1.8 million additional kids	\$2.2	\$7.9

NOTE: Numbers in brackets assume that the Workers between Jobs Program does not sunset in 2001; the 2001 funding level is shown

/1 All coverage estimates based on DHHS estimates of coverage in 2000; they are not CBO estimates and do not correspond to the costs & will probably be higher than CBO's.

/2 Demonstration that sunsets at the end of 2001

/3 Results from children eligible for Medicaid learning of it by applying to the new program. Counted as a Medicaid cost.

/4 Medicaid outreach will consist of the Federal government working with States, providers, and the private sector to encourage kids to enroll in Medicaid.

/5 Under current law, States will phase in coverage for poor children 14 to 18 between now and 2001. Funded in the baseline.