



Projections of FY2009 Federal SCHIP Allotments Under CHIPRA 2009

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This report shows FY2009 federal State Children's Health Insurance Program (SCHIP) allotments as provided under current law as well as projected federal SCHIP allotments under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA 2009), as introduced in the House (H.R. 2) and prepared for expedited floor consideration by the House Rules Committee on January 13, 2009 (H.Res. 52), and as described in the Senate Finance Committee Chairman's Mark documents provided to CRS. The estimates in this report are based partly on states' own projections of federal SCHIP spending submitted in November 2008. States will submit updated projections in February 2009, upon which the allotments under CHIPRA 2009 would be partly based. As a result, actual allotments under CHIPRA 2009 would differ from those shown here.

SCHIP Allotments for FY2009

Current Law

The Balanced Budget Act of 1997 (BBA97, P.L. 105-33) created the State Children's Health Insurance Program (SCHIP) and appropriated \$40 billion for SCHIP original allotments from FY1998 to FY2007. The Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA, P.L. 110-173) appropriated allotments and additional funding to prevent any state from running out of federal SCHIP funds before March 31, 2009.¹ The SCHIP appropriation for original allotments in FY2007, the last year provided for in BBA97, totaled \$5.04 billion. MMSEA provided that same amount annually for SCHIP allotments in FY2008 and FY2009, stating, however, that these funds "shall not be available for child health assistance [SCHIP expenditures] for items and services furnished after March 31, 2009."²

MMSEA also provided up to \$275 million to cover any shortfalls of federal SCHIP funds for the first half of FY2009—that is, through March 31, 2009. However, even if unspent FY2008 and FY2009 allotments were available past March 31, 27 states would still need an additional \$1.9 billion to prevent any shortfalls for the second half of FY2009.³

For FY2009, the current-law allotments were determined consistent with the past several years' allotments. Of the national appropriation (\$5 billion for each of FY2007, FY2008 and FY2009), the territories receive 0.25%. The remainder (\$4.9875 billion for each of FY2007, FY2008 and FY2009) is divided, or allotted, among the states based on a formula using survey estimates of the number of low-income children in the state and the number of those children who were uninsured.⁴ These amounts are tweaked by a geographic adjustment factor and are limited by various floors and ceilings to ensure that a state's allotment does not vary substantially from certain past allotments. **Table 1** shows the FY2009 allotments under current law.⁵

¹ For additional information on the current-law status of SCHIP, see CRS Report R40075, *What Happens to SCHIP After March 31, 2009?*

² §201(a)(2) of MMSEA.

³ See the last column in Table 1 of CRS Report R40075, *What Happens to SCHIP After March 31, 2009?*

⁴ Low-income children are those at or below 200% of the federal poverty level (FPL), which was approximately \$35,000 for a family of three in 2008. For additional information, see <http://aspe.hhs.gov/poverty/>.

⁵ For additional information on how federal SCHIP allotments are calculated under current law, see CRS Report RL33366, *SCHIP Original Allotments: Description and Analysis*.

CHIPRA 2009

The overall structure of federal SCHIP allotments and financing in CHIPRA 2009⁶ is similar to its two predecessors (H.R. 976 and H.R. 3963 from the 110th Congress), which were vetoed in late 2007 by President George W. Bush. Allotment determinations under these versions of CHIPRA are markedly different from current law. Rather than dividing a fixed national appropriation on the basis of state survey estimates, CHIPRA 2009 would calculate a state's allotment as described below, and if the total of all the states' and territories' allotments did not exceed the national appropriation, that would be the state's allotment.

FY2009 federal SCHIP allotments for states under CHIPRA 2009⁷ would be based on the largest of three state-specific amounts:

- the state's *FY2008* federal SCHIP *spending*, multiplied by a growth factor;⁸
- the state's *FY2008* federal SCHIP *allotment*, multiplied by a growth factor; and
- the state's own *projections* of federal SCHIP spending for *FY2009*, submitted by states to the Secretary of Health and Human Services (HHS) in February 2009.

The largest of these three amounts would be increased by 10% and would serve as the state's FY2009 federal SCHIP allotment, as long as the \$10.562⁹ billion appropriation is adequate to cover all the states' and territories' FY2009 allotments.¹⁰ If not, allotments would be reduced proportionally.

Table 1 shows estimates of the FY2009 federal SCHIP allotments projected under CHIPRA 2009. The national total of allotments of approximately \$9.2 billion is less than the amount appropriated under CHIPRA 2009 (\$10.562 billion), so no proportional reduction in the allotments would be necessary. Because states' February 2009 projections have not yet been submitted, the amounts in **Table 1** are based on the projections states provided in November 2008. Thus, the actual allotments under CHIPRA 2009 could differ from those shown in **Table 1**.¹¹

⁶ Sections 101-108 of CHIPRA 2009.

⁷ Section 102 of CHIPRA 2009.

⁸ This growth factor, called the "allotment increase factor" in the legislation, would be the product of (a) 1 plus the percentage increase (if any) in the projected per capita spending in the National Health Expenditures for 2009 over 2008, and (b) 1.01 plus the percentage change in the child population in each state (except for the territories, for which the national amount is used) from July 1, 2008, to July 1, 2009, based on the most recent published estimates of the Census Bureau.

⁹ Section 101 of CHIPRA 2009.

¹⁰ Under CHIPRA 2009, the territories' FY2009 federal SCHIP allotments are calculated as the largest of their federal SCHIP expenditures from FY1999 to FY2008, increased by the allotment increase factor calculated nationally.

¹¹ This report describes and Column C of **Table 1** shows estimates of the full-year allotment based on the legislation. However, since FY2009 SCHIP appropriations have already been obligated to states for the first half of FY2009 under current law, Sec. 3(c) of the legislation provides for an accounting adjustment: The full-year FY2009 allotment amounts available to states under CHIPRA 2009 are to be reduced by amounts already obligated in the first half of FY2009 under current law.

**Table 1. FY2009 Federal SCHIP Allotments,
Under Current Law and Projected Under CHIPRA 2009**

In millions of dollars

A	B	C	D
State	Current law FY2009 federal SCHIP original allotments	Projected allotments under CHIPRA 2009	Percentage difference of CHIPRA 2009 allotments over current law
Alabama	\$71.1	\$139.5	96% larger
Alaska	\$10.4	\$22.3	114% larger
Arizona	\$149.1	\$171.2	15% larger
Arkansas	\$50.4	\$133.5	165% larger
California	\$799.2	\$1,481.2	85% larger
Colorado	\$71.5	\$97.5	36% larger
Connecticut	\$37.7	\$45.6	21% larger
Delaware	\$13.1	\$15.0	14% larger
DC	\$12.3	\$14.2	16% larger
Florida	\$303.0	\$358.4	18% larger
Georgia	\$175.6	\$294.2	68% larger
Hawaii	\$14.6	\$20.8	42% larger
Idaho	\$23.9	\$45.3	90% larger
Illinois	\$198.7	\$344.4	73% larger
Indiana	\$94.5	\$120.4	27% larger
Iowa	\$34.1	\$68.4	101% larger
Kansas	\$37.9	\$58.5	54% larger
Kentucky	\$67.4	\$119.6	77% larger
Louisiana	\$84.1	\$207.7	147% larger
Maine	\$14.7	\$39.3	166% larger
Maryland	\$70.2	\$184.2	162% larger
Massachusetts	\$72.4	\$332.6	359% larger
Michigan	\$146.2	\$203.4	39% larger
Minnesota	\$48.6	\$84.1	73% larger
Mississippi	\$64.1	\$183.7	187% larger
Missouri	\$81.9	\$129.3	58% larger
Montana	\$14.5	\$32.4	124% larger
Nebraska	\$22.5	\$41.8	86% larger
Nevada	\$52.1	\$61.4	18% larger
New Hampshire	\$10.6	\$15.9	50% larger

A	B	C	D
State	Current law FY2009 federal SCHIP original allotments	Projected allotments under CHIPRA 2009	Percentage difference of CHIPRA 2009 allotments over current law
New Jersey	\$102.2	\$497.8	387% larger
New Mexico	\$52.0	\$196.2	277% larger
New York	\$318.0	\$391.2	23% larger
North Carolina	\$136.1	\$245.7	81% larger
North Dakota	\$7.9	\$17.1	117% larger
Ohio	\$157.3	\$293.7	87% larger
Oklahoma	\$70.8	\$144.2	104% larger
Oregon	\$61.3	\$83.4	36% larger
Pennsylvania	\$167.0	\$312.5	87% larger
Rhode Island	\$13.2	\$69.5	426% larger
South Carolina	\$70.8	\$156.0	120% larger
South Dakota	\$10.9	\$18.4	69% larger
Tennessee	\$99.7	\$138.4	39% larger
Texas	\$549.6	\$945.6	72% larger
Utah	\$41.5	\$65.4	58% larger
Vermont	\$5.2	\$6.7	29% larger
Virginia	\$96.9	\$175.6	81% larger
Washington	\$79.9	\$94.0	18% larger
West Virginia	\$25.0	\$43.3	73% larger
Wisconsin	\$69.6	\$88.5	27% larger
Wyoming	\$6.4	\$11.2	76% larger
Puerto Rico	\$48.1	\$111.8	133% larger
Guam	\$1.8	\$3.8	105% larger
Virgin Islands	\$1.4	\$2.3	67% larger
American Samoa	\$0.6	\$1.9	199% larger
Northern Mariana	\$0.6	\$1.8	209% larger
Total	\$5,040.0	\$9,181.9	82% larger

Source: Congressional Research Service (CRS) analysis of CHIPRA 2009 and of data from the Centers for Medicare and Medicaid Services (CMS), including states' FY2009 SCHIP projections as of November 2008, and from the U.S. Census Bureau.

Notes: Under CHIPRA 2009, one of the criteria for FY2009 allotments would be states' projections as of February 2009. To the extent those projections differ from the November 2008 ones, the actual allotments under CHIPRA 2009 may vary from those in this table. Column C of **Table 1** shows estimates of the full-year allotment based on the legislation. However, since FY2009 SCHIP appropriations have already been obligated to states for the first half of FY2009 under current law, Sec. 3(c) of the legislation provides for an accounting adjustment: The full-year FY2009 allotment amounts available to states under CHIPRA 2009 are to be reduced by amounts already obligated in the first half of FY2009 under current law.

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