

NC Health Choice

Issue

- Federal authorization for the State Children's Health Insurance Program (SCHIP) expired September 30, 2007. In North Carolina, SCHIP is known as NC Health Choice.
- Congress has been unable to reauthorize the program.
- If SCHIP is not reauthorized and continues to operate under a Continuing Resolution (CR), North Carolina will incur a shortfall of approximately \$35 million in federal funding for its NC Health Choice program as of July 1, 2008.
- There is a need to examine what actions can and should be taken as a result of this potential shortfall.

Background

- Authorized by Congress in 1997 to address the concern over the growing number of children without access to health insurance.
- A block grant to each state to design and implement state-specific program to provide access to health insurance for children in low income families.
- NC Health Choice program:
 - Provides access to health insurance for families with children between 6 -18 years of age
 - For children in families with annual incomes of between 100-200 percent of the federal poverty level (FPL).
- Approximately 124,000 children are enrolled in NC Health Choice.

Current Situation

- The CR under which SCHIP is operating expires Friday, December 14, 2007.
- One issue is the formula for distributing funds to the states.
- Congress working for a compromise that satisfies the potential of SCHIP and concerns over its expansion.

What Happens Next

Congress is considering:

- Enacting a long-term CR that would permit the SCHIP program to operate through September 30, 2008.
 - The CR could be funded at current authorization levels = flat-funded with no increase.
 - The CR could be funded at increased spending levels to address the shortfalls states are facing.
 - Depending on the amount, states may still need to curtail the growth of their SCHIP programs.

Implications for North Carolina

- If receive flat-funded CR, NC Health Choice:
 - Has sufficient funds for SFY 2007-08—through June 30, 2008.
 - Will experience a shortfall in federal funds for FY 2008-09 of approximately \$35 million.
 - Will have to reduce either enrollment or benefits or increase co-payments and premiums.
 - Would require the approval of the federal government to make several changes to benefits or eligibility.
- If receive increased-funding CR, NC Health Choice:
 - May avoid having to reduce benefits or enrollment.
 - May need to consider “freezing” enrollment at the current level.

NC Kids' Care

On January 1, 2008, DHHS is to submit an interim report on its proposal to implement the NC Kids' Program (S.L. 2007- 323, Section 10.48). Whether to expand access to health insurance for children through NC Kids' Care while possibly having to reduce benefits or enrollment for children under NC Health Choice is an issue that should be addressed.