

HOUSE AND SENATE PASSED SCHIP BILLS

Prior to adjourning for the August recess, the Senate and the House of Representatives passed different bills reauthorizing the State Children's Health Insurance Program (SCHIP). Reconciling these bills in September may be complicated due to the variation in the bills and the issues that they raise. SCHIP must be reauthorized or temporarily extended by September 30, the expiration date of the program.

Both bills would retain coverage for the 6.6 million children currently enrolled in SCHIP, and would also provide coverage for additional children. Some of the issues raised by the bills include how much money to spend on SCHIP, how to pay for the program and whether to include changes to Medicare in the bill.

The House approved its bill on August 1, by a vote of 225 to 204. The House bill provides approximately \$50 billion for SCHIP over five years, and makes a number of changes to Medicare, including increasing physician payments in 2008 and 2009. The House bill finances the program by reducing reimbursement to Medicare Advantage plans and other Medicare providers and through a 45-cent per pack increase in the cigarette tax.



Meanwhile, the Senate passed its bill on August 2, by a vote of 68 to 31. The Senate bill includes \$35 billion for SCHIP over five years and does not change Medicare payment policies. The Senate bill funds the program by raising the federal tobacco tax by 61 cents per pack.

President Bush has already threatened to veto both the Senate and House measures, criticizing the bills for being too costly, increasing taxes and enhancing federal involvement in health care. The President proposes to spend \$5 billion for SCHIP reauthorization.

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