



CHIP Reauthorization Should Be Included in the Economic Stimulus Package

With the economy continuing to decline, further economic stimulus is essential for states. Increasing federal funding for Medicaid and the State Children's Health Insurance Program (CHIP) is one of the most effective ways to stimulate the economy. Reauthorizing CHIP and increasing funding for it will help meet the growing need for children's health coverage and help state economies get back in the black.

Full CHIP reauthorization will help *working families* make ends meet.

- The ailing economy has led to increased unemployment and higher food prices, making it even harder for families to afford health care. As incomes drop and the cost of living rises, more and more families have become eligible for Medicaid and CHIP.
- In 2007, families losing private health coverage flocked to Medicaid and CHIP rather than going uninsured, and the national economic crisis had barely begun. This year, states report even greater demand.

Full CHIP reauthorization will help *protect children's health coverage* from state budget cuts.

- Forty-two states will have no federal CHIP funding beginning April 1, 2009 if CHIP is not reauthorized. To cope with this uncertainty and unprecedented budget shortfalls, some states are imposing or considering significant cuts to CHIP. At least two states (CA and NV) are considering capping or freezing enrollment in the coming months. Quick CHIP reauthorization would prevent further cuts to state children's health programs.

Full CHIP reauthorization will *stimulate state economies*.

- For every dollar a state spends on CHIP, the federal government contributes a matching amount of money that the state would not otherwise get. One dollar of state spending on CHIP draws between \$1.86 and \$4.92 in federal matching dollars, depending on the state.
- This injection of new federal dollars into state economies would have a measurable effect on states' business activity, wages, and jobs. The new dollars pass from one person to another in successive rounds of spending, generating additional business activity, jobs, and wages that would not otherwise be produced. Economists call this the "multiplier effect."
- In 2007, Families USA estimated the economic impact that reauthorizing CHIP with \$50 billion in new federal funding would have on each state's economy.* For more information, see: <http://familiesusa.org/issues/medicaid/schip-reauthorization.html>
- The economic stimulus bill could include a temporary increase in the CHIP matching rate – like the Medicaid FMAP increase under discussion – which would boost the stimulus effect of CHIP without adding significantly to the cost of the stimulus bill.

Full CHIP reauthorization will *stabilize and secure children's health coverage*.

- CHIP reauthorization will be most successful and provide the most economic stimulus if it is reauthorized for at least five years. A shorter reauthorization will impede states' ability to take advantage of additional funding, as state legislatures will be unable or unwilling to invest scarce state funds in expanding health coverage for children unless they are assured that funding will be made available in later years.

The table on the following page shows how many children were uninsured in each state during the three-year period 2005-2007.

* Due to medical inflation and the shifting economic outlook, CHIP reauthorization will cost more in 2009 than it would have cost in 2007.



State	Number of Children Uninsured	Percent of Children Uninsured
Alabama	76,000	6.5%
Alaska	19,000	9.9%
Arizona	278,000	16.1%
Arkansas	66,000	9.2%
California	1,253,000	12.5%
Colorado	170,000	13.7%
Connecticut	58,000	6.7%
Delaware	22,000	10.3%
Florida	797,000	18.8%
Georgia	307,000	12.1%
Hawaii	18,000	5.8%
Idaho	50,000	11.8%
Illinois	294,000	8.7%
Indiana	131,000	7.9%
Iowa	38,000	5.2%
Kansas	51,000	7.0%
Kentucky	89,000	8.4%
Louisiana	143,000	12.7%
Maine	19,000	6.4%
Maryland	137,000	9.5%
Massachusetts	71,000	4.6%
Michigan	142,000	5.5%
Minnesota	90,000	6.9%
Mississippi	119,000	14.7%
Missouri	135,000	9.2%
Montana	31,000	13.7%
Nebraska	39,000	8.4%
Nevada	107,000	15.8%
New Hampshire	21,000	6.7%
New Jersey	267,000	12.1%
New Mexico	93,000	17.6%
New York	402,000	8.5%
North Carolina	296,000	12.8%
North Dakota	14,000	9.2%
Ohio	214,000	7.4%
Oklahoma	112,000	12.0%
Oregon	107,000	11.7%
Pennsylvania	220,000	7.5%
Rhode Island	18,000	7.1%
South Carolina	132,000	12.2%
South Dakota	17,000	8.4%
Tennessee	125,000	8.2%
Texas	1,400,000	20.5%
Utah	107,000	12.8%
Vermont	11,000	7.9%
Virginia	184,000	9.6%
Washington	120,000	7.5%
West Virginia	29,000	7.0%
Wisconsin	79,000	5.7%
Wyoming	12,000	9.4%

Source: Analysis conducted by the Census Bureau for Families USA based on the 2007 Current Population Survey. Estimates represent a three-year merge of data from 2005, 2006, and 2007.