

# Houston Chronicle

## ANALYSIS-US children's insurance plan exposes deep divisions

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CHICAGO, July 16 (Reuters) - Extending health insurance to more children, an issue that enjoyed bipartisan political support for years, has become entangled in a bitter debate over the role of government in the U.S. health care system.

A U.S. Senate panel late on Friday agreed to a \$35 billion plan to renew coverage for 6.6 million children and extend insurance to 3.3 million more, setting up a clash with President George W. Bush, who is threatening a veto.

Lawmakers argue more children need coverage, while Bush has warned that expanding the program could lead down a path to socialized medicine. For Democrats, this bill is the first step toward tackling the problem of 45 million uninsured.

The brewing battle does not bode well for broader efforts to stem escalating medical costs and help those without health insurance in the United States, seen as major domestic issues in the 2008 elections, experts said on Monday.

"It is a really bad sign," said Drew Altman, president of the nonpartisan Kaiser Family Foundation. "If they can't agree in Washington on covering kids, how are they going to agree on a much more challenging health care reform?"

This week, the Senate Finance Committee is expected to take up the proposed legislation to renew the children's health insurance program, known as S-CHIP or CHIP. House Democrats are eyeing a bigger package of \$50 billion over five years.

CHIP was created in 1997 by liberal Massachusetts Democrat Sen. Edward Kennedy and conservative Utah Republican Sen. Orrin Hatch. The program, which covers children not poor enough for Medicaid, the joint state-federal health insurance government plan, had bipartisan backing until recently.

"The consensus for a while is this would be the easiest health care bill to pass this year," said Tony Clapsis, an analyst with Lehman Brothers in Washington. It "has proven much more politically difficult than expected."

### **FALSE CHOICE?**

Last month, U.S. Health and Human Services Secretary Mike Leavitt echoed the president's concerns about the CHIP program.

"There is disagreement on whether (it) should be used as a vehicle to shift millions of people who have good incomes and private insurance to a publicly assisted government insurance," Leavitt said.

But Judy Solomon, a senior fellow at the liberal-leaning think tank the Center on Budget and

Policy Priorities said that characterization is inaccurate.

"It is a false choice," she said.

States have been increasingly contracting with private companies, such as Amerigroup Corp. (AGP.N: [Quote](#), [Profile](#), [Research](#)) or Centene Corp. (CNC.N: [Quote](#), [Profile](#), [Research](#)) to run government health programs. Medicaid and CHIP are often combined.

About three-quarters of individuals on Medicaid are enrolled in private plans, Solomon said, citing a report by the Centers for Medicare and Medicaid Services.

But private plans that are part of state health programs are often required to meet certain cost and coverage guidelines.

"There could be an argument that, those plans are more regulated when they are offered through state programs. It's not quite the same as offering any product you like on the private market," said Karen Davis, president of the nonprofit Commonwealth Fund.

The Bush administration says the program is at risk of ballooning to cover more well-off children. Children in families whose income is three times the federal poverty level would be covered by the Senate plan.

A family of four earning 300 percent of the poverty level makes about \$60,000 a year. Employer-sponsored coverage for a family of four cost about \$11,500 per year in 2006, according to the Kaiser Family Foundation.

For years, momentum has been building to tackle the thorny issue of the uninsured, as 6 million people have fallen off the insurance rolls since 2000.

But while every major Democratic presidential candidate has a proposal for extending health insurance to more Americans, and some Republicans are drafting plans, a consensus is far from sight.

"There is a genuine Grand Canyon-wide policy difference about the role of government in the market," Altman said. "While there is momentum for reform in 2009, the deep divisions in Washington haven't gone away."