

SCHIP Puts Employers In Tight Spot, Waiting for Tax Credit

Both houses of the US Congress approved some sort of SCHIP reauthorization, the House considered the changes in February, with revisions made by the Senate. And now the reauthorization has been signed into law.



Carolyn Goodwin
Immediate Past
President, TAHU



Postcards From the Ledge

What did the reauthorization do? Thank you for asking. First and foremost, the reauthorization increases the income test from 200% to 300% of the Federal Poverty Level. These days, that means a family of 4 making anything lower than \$66,150 per year will qualify for the Texas CHIP program. We don't know yet how much of the \$32.8 BILLION allocated in this reauthorization will wind up in Texas. With approximately 800,000 children already qualified, but not enrolled in Children's' Medicaid or CHIP, we wonder how many of the 4.1 million children estimated to be added to the national eligibility list will be here.

And of course, there is the requirement that each state consider, debate and approve changes to their own laws in order to accommodate the federal modifications recently adopted.

Then there is the deletion of a 5 year qualification period for children of LEGAL immigrants. That means any family entering our state legally, and with children can immediately qualify for state and federal dollars under CHIP

The Senate vote was fairly lopsided, with 66 in favor and 32 opposed.

Hidden in the bill is an opportunity for all of us, as agents assisting our clients to access federal funds to help pay the cost of dependent coverage under an employer sponsored plan. States may elect to allow subsidy of such costs through SCHIP funds. They may also elect not to participate in the subsidy program, but it's not predicted in Texas.

The question is however, if employees cannot today afford to have the cost of premium for their children deducted from their paychecks, how in the wide world can they afford to wait for a tax credit, which is widely proposed, at the end of the year?

Doesn't this sound a bit like the "reimbursement" to employers for the COBRA cost subsidy that is part of the stimulus package? Calls to senate offices went unanswered. More news to come.

Questions? Contact any member of the Legislative Council: Rick Ott, rickott@swbell.net; Jeff Sherrod, jeff@principal.com; Cheryl Clark, checlark@teamumc.com; Gary Waldron, gwaldron@prescottpallet.com; or Lee Manross, lmanross@aol.com; Shirley Hutzler, shirly270@aol.com; misty@mistybaker.com)