



# APA Public Interest Government Relations Office

## State Children's Health Insurance Program (SCHIP)

### *What is SCHIP?*

Created in 1997, the State Children's Health Insurance Program (SCHIP) provides health insurance coverage to children and other family members who are ineligible for Medicaid and cannot access or afford private insurance. Under this important program, the federal government provides an enhanced match to states. The federal contribution for the years 1998-2007 was set at a total of \$40 billion. In 2005, SCHIP provided insurance for 6.1 million children.

### *How SCHIP Works*

Under current law, there are three allowable SCHIP models:

1. Medicaid expansion: States expand eligibility for Medicaid services, with all existing Medicaid rules and structures governing the delivery of SCHIP benefits;
2. Separate plans: States may design plans that are benchmarked against either the benefits or actuarial value of specific, non-Medicaid federal, state, or private insurance plans; or
3. Combination plans: States are allowed to use both expanded Medicaid and separate plans to serve distinct populations.

### *Mental Health Services & SCHIP*

#### Background

States that use Medicaid expansion models for SCHIP must provide Medicaid-equivalent services to beneficiaries, which are widely recognized as a comprehensive package. Federal law mandates that Medicaid mental health benefits include Early and Periodic Screening, Diagnosis, and Treatment (EPSDT), and many states offer additional benefits, including inpatient psychiatric care, prescription drugs, rehabilitation, and case management.

Mental health services provided under separate SCHIP plans are not as tightly standardized by federal law. In fact, the SCHIP law allows states to reduce their mental health service expenditures to 75 percent of the benchmark plan. In addition, many states set seemingly arbitrary limits on the number of outpatient session or inpatient days that children may access under their SCHIP mental health benefits.

#### SCHIP Reauthorization

This important reauthorization presents a unique opportunity to expand the availability of mental health services for America's children. Comprehensive mental health coverage under the SCHIP program should provide for vital services, including inpatient and outpatient care that is commensurate with the needs of the individual child and critical preventive mental health services and screening that are known to promote healthy development and reduce subsequent expenditures on medical care.

