

■ “Cover All Kids” Enacted into Law!



Promises Made, Promises Kept

Thanks to your advocacy efforts, the Pennsylvania General Assembly passed and Governor Rendell signed “Cover All Kids” legislation (HB 2699) into law as Act 136 of 2006. The new law makes the Children’s Health Insurance Program (CHIP) available to all children in Pennsylvania. “This is a significant step forward for the health and well-being of kids in the Commonwealth,” said PPC President and CEO Joan Benso.

Benso and David Callahan, PPC’s Director of Government Affairs, were invited to attend the bill signing ceremony at a child care center in Pittsburgh November 2.

CHIP currently is available at no cost to children in families with incomes between 100 percent of the Federal Poverty Income Guidelines (FPIG) and 200 percent FPIG (\$40,000 for a family of four), with the federal government and the Commonwealth paying the premium costs. A second, subsidized level of coverage (reduced-cost CHIP) is available to children in families with incomes greater than 200 percent FPIG, but not exceeding 235 percent FPIG. Under reduced-cost CHIP, the family is

responsible for 50 percent of the premium, and the Commonwealth pays the remaining balance. There is no federal participation in the existing reduced-cost CHIP program. The Commonwealth does not impose co-payments for services. In addition, there is no go-bare period for the current program. Administrative expenses for CHIP contractors are limited to 7.5 percent. The amount can be increased by 2.5 percent after the first three years of the contract if the contractor can demonstrate need.

“Passage of ‘Cover All Kids’ is a testament to the good that can be done when we come together and put partisan politics aside for the benefit of our most vulnerable populations.”

Joan Benso

Act 136 expands the reduced-cost CHIP program to families with incomes up to 300 percent FPIG (\$60,000 for a family of four) and allows the Commonwealth to seek approval from the federal government to utilize federal funds in the program (200 percent FPIG to 300 percent FPIG). Assuming federal

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approval, the program would be structured as follows:

- Children in families with incomes above 200 percent FPIG, but not exceeding 250 percent FPIG (\$50,000 for a family of four) – family share: 25 percent of the premium (or about \$36 per month, per child);
- Children in families with incomes above 250 percent FPIG, but not exceeding 275 percent FPIG (\$55,000 for a family of four) – family share: 35 percent of the premium (or about \$50 per month, per child);
- Children in families with incomes above 275 percent FPIG but not exceeding 300 percent FPIG (\$60,000 for a family of four) – family share: 40 percent of the premium (or about \$57 per month, per child);

Families above 300 percent FPIG may purchase coverage for their children at the state’s cost for coverage. However, they must demonstrate one of the following:

- The family is unable to afford individual or group coverage because that coverage would exceed 10 percent of family income or because the total cost of individual or group coverage for the child is 150 percent of the state’s cost for coverage, OR
- The family has been refused coverage by an insurer due to the child or a member of the child’s immediate family having a pre-existing condition and coverage is not available for the child.

If families can purchase coverage for their children through their employer, but cannot afford the full premium, then the state can provide assistance to the family to pay the premium for the coverage rather than enrolling the child in CHIP – as long as the cost of the premium is less than the premium under CHIP.

To deter dumping of private or employer-provided insurance, the new law establishes a six-month go-bare period (for children in families with incomes above 200 percent FPIG). Families must show that their child has not had coverage for the last six months, unless the child is two years of age or younger. The go-bare period is not required for children who have lost coverage because a family member lost their job or if they are moving from another public insurance program.

The new law also authorizes the Commonwealth to impose co-payments for families with incomes above 200 percent FPIG for outpatient visits, emergency room visits, prescription medications and other services deemed appropriate by the Commonwealth.

The new law increases the initial limit on contractor administrative expenses to 10 percent. At any time, if a contractor’s administrative expenses exceed 10 percent, due to expanded outreach and systems and operational changes, then the Commonwealth can grant an additional 2 percent for administrative expenses to the extent that the Commonwealth determines that the additional expenses are reasonable and necessary.

“This is a momentous day for children in Pennsylvania,” said Benso. “Passage of ‘Cover All Kids’ is a testament to the good that can be done when we come together and put partisan politics aside for the benefit of our most vulnerable populations.”

Thank you to all *Cap Watch* readers who faithfully responded to our requests to contact the General Assembly to urge them to pass “Cover All Kids.” Your efforts helped immensely. We will again need your assistance in the coming year when Congress reauthorizes SCHIP, the federal law that authorizes state CHIP programs.

Changes to Child Care and Subsidy Regulations

The Department of Public Welfare withdrew its final regulations regarding child care subsidy (#14-505/Chapter 168) and care facilities (#14-506/Chapters 3270, 3280, 3290) from further consideration. PPC supported both final regulations prior to the Department's action to withdraw them. The Department took this action because it was apparent that the regulations faced opposition from the House Children & Youth and the Senate Aging & Youth Committees in the General Assembly. Committee support (or non-opposition) is essential in Pennsylvania's regulatory review process. The Department subsequently held discussions with the Committees and other interests that opposed the final regulations. The Department is expected to modify and resubmit the final child care subsidy regulations sometime in November. The child care facility regulations may be re-submitted sometime next year.

The subsidy regulations would unify the child care subsidy system and provide a "one-stop shopping" conduit through the Child Care Information Services for low-income, working families seeking safe and healthy child care arrangements. In addition, the regulations would require most providers receiving subsidized child care payments to participate in vendor payment helping to ensure fiscal accountability and the best use of resources.

If the modified final subsidy regulations are re-submitted soon, the Independent Regulatory Review Commission could consider them at its next meeting on November 30. Please check PPC's Cap Wiz page for the most up-to-date information on the regulations as well as requests for action.

State Revenue Update

The Department of Revenue reported that the state collected \$1.8 billion in General Fund revenue in October which is \$103.4 million, or 5.5

percent, below the official estimate. Fiscal year-to-date General Fund collections total \$7.6 billion, which is \$47.7 million, or 0.6 percent, below the official estimate.

General Assembly Session Schedule

After recessing for the November General Election, the House of Representatives is scheduled to be in lame-duck session on November 13-15, 20-22 and 27 (non-voting). The Pennsylvania Senate is scheduled to be in session on November 20 and 21. Pursuant to the Pennsylvania Constitution, the 2005-2006 session of the Pennsylvania General Assembly will adjourn on November 30. The 2007-2008 session will convene in January.

Election Day is November 7

Please remember to vote on November 7! Be an informed voter. Read PPC's state and federal electoral white papers on issues of importance to the health, education and well-being of Pennsylvania's children at:
http://www.papartnerships.org/elections_positionpapers.asp

Want to know where the candidates for Governor and U.S. Senate stand on issues of importance to our children? Please read candidates' responses to PPC's candidate survey at
<http://www.papartnerships.org/elections.asp>

State Achieves 44.8 Percent TANF Participation Rate

The Rendell Administration announced recently that more adults on welfare are working than at any other time in Pennsylvania history. The governor noted that Pennsylvania's work participation rate rose to 44.8 percent in September – the highest level Pennsylvania has achieved since the federal Temporary Assistance for Needy Families (TANF) program's enactment. Since 1995, more than 160,000 adults receiving TANF have graduated to

the workforce. DPW Secretary Estelle Richman said that Pennsylvania is on track to meet the 50 percent participation rate for the federal fiscal year beginning October 1.

More Child Protection Resources for Pennsylvania

The House and Senate passed HB 2670 and is on the governor's desk for signature. The measure brings the Commonwealth into compliance with the federal Child Abuse Prevention and Treatment Act (CAPTA). Compliance with the federal law means that Pennsylvania could potentially receive up to \$1.7 million in federal funds for child abuse prevention and treatment programs. The state can receive a federal basic state grant of approximately \$1 million, and it will be eligible to apply for a grant of approximately \$700,000 under the federal Children's Justice Act.

The measure:

- Establishes new conditions for the termination of parental rights;
- Allows confidential child abuse reports to be available to federal agencies in order to protect children from abuse and neglect;
- Requires the Department of Public Welfare to establish citizen review panels to examine policies, procedures and practices related to the protection of children;
- Requires the Department to report more frequently on child abuse cases that result in death or a near fatality; and
- Requires health care providers to immediately report when an infant is identified as being affected by exposure to illegal substances.

Education Update

New Academic Standards for Career Education and Work Launched

The Pennsylvania Department of Education (PDE) launched new *Academic Standards for Career Education and Work* at a conference in October. According to PDE, the new standards give students, as early as first grade, the opportunity to begin exploring career options and offer graduating high school students a comprehensive set of tools to explore opportunities for postsecondary education and jobs.

PDE reports that under the new standards, students, by 8th grade, should begin their individualized career plan and portfolios, which will be developed

throughout high school, and learn effective skills used in a job interview. By 11th grade students should analyze the relationship between career choices and career preparation opportunities such as secondary education degrees, industry or military training, as well as apply effective skills used in job interviews.

For more information on the new *Academic Standards for Career Education and Work*, visit www.pde.state.pa.us

Federal Budget Update

As previously reported, the new federal fiscal year (FFY 2007) began on October 1 without a federal budget in place. Before recessing for the November General Election, Congress provided funding for government agencies via stopgap spending provisions under a conference report on defense appropriations. The stopgap spending provisions expire on November 17. Congress could enact one or more additional continuing resolutions while the budget takes shape. To date, Congress has passed only two of the eleven major appropriations bills (defense and homeland security) that comprise the federal budget. The most significant of these remaining bills is the Labor-HHS-Education Appropriations Bill. The measure provides funding for important program areas, such as health care,

nutrition, and child care. Congress could pass separate appropriations bills or combine the nine remaining bills into an omnibus measure. Regardless of which form the final spending bill(s) take, PPC will be initiating advocacy efforts to make sure that critical programs receive adequate funding. Please watch our web site and your e-mail for important updates and action alerts.

Congressional Session Schedule

Congress is tentatively scheduled to be in lame-duck session during the weeks of November 13 and the week of December 4. The schedule is subject to change.