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Partisanship vs. the Children

By Michael Gerson

Extending health insurance to uninsured children is perhaps the least controversial public policy goal in Washington. So it sets up a test: If progress is not possible on this issue, progress in our divided, embittered political system is no longer possible at all.

Ten years ago, in a passing fit of bipartisanship, Congress enacted the [State Children's Health Insurance Program](#). Under SCHIP, states are given block grants to cover uninsured children whose parents make too much to qualify for Medicaid (the safety net entitlement for Americans in the worst poverty). Six million children, largely from families of the working poor, now get their health care through SCHIP, which is successful, popular and set to expire later this year. An additional 9 million American children, however, remain uninsured.

Reaching this group of the vulnerable is important, but not easy. Nearly two-thirds of that 9 million, according to James Fossett of the [Rockefeller Institute](#), are already eligible for health care through Medicaid or SCHIP, but their parents haven't filled out the paperwork. Fulfilling the most basic parental responsibilities can't be legislated. Yet some of the problem might be solved through aggressive outreach and marketing by state governments, and by making the SCHIP bureaucracy easier to navigate.

Millions of other children, however, are exposed to risk because the traditional way of providing health insurance through businesses is breaking down. Escalating health costs have caused some firms to drop insurance coverage entirely or to boost costs beyond the reach of many employees. And this problem is working its way up the income scale, from the working poor to the middle class. States have re-

sponded by expanding eligibility for SCHIP to higher incomes; this year, New York state increased the threshold to 400 percent above the poverty line.

Some see this as a scandal. But consider the situation of a self-employed single mother in New York who is forced to self-insure. The average policy costs about \$13,000 a year. So even if she makes \$60,000, she will pay more than 20 percent of her pretax income just on health insurance. Giving her some help is not unreasonable.

Advocates of SCHIP such as John DiIulio at the University of Pennsylvania believe that \$3 billion to \$5 billion in additional funding a year — maybe \$25 billion over five years — would make health coverage for children affordable for most American families under the median income. He even offers a slogan: "No child left uninsured."

But the debate in Washington on SCHIP has quickly become badly polarized. The administration's budget request is timid — a measure of how compassionate conservatism has been drained of boldness by budget hard-liners. At \$5 billion additional over five years, there are serious questions as to whether the proposal would even maintain coverage for the number of children currently in the program. The administration's attempt to limit eligibility to families at 200 percent of the poverty line or below is too restrictive. And its alternative — a stingy tax deduction for the purchase of private health insurance — would be more credible if it were a generous and refundable tax credit.

At the same time, Democrats are in full over-reach mode, intent on stuffing themselves at the endless buffet of liberal opportunity. Their proposal — a \$50 billion increase over five years — represents a barely hidden agenda. Instead of reasonably expanding a successful program, they want to bloat SCHIP beyond its original purposes — to cover more and

more adults — as a step toward their utopia of government-run universal health care. And this overreach actually reduces the prospect of political agreement that would bring swift help to uninsured children.

There are serious gaps in health insurance for grown-ups, not just children. But here the administration is correct: The answer is not SCHIP and Medicare for everyone. For the hardest cases, public programs can be useful, but all Americans benefit from the innovation and quality of a predominantly private health system.

The complete triumph of public bureaucracies, in the long run, would give us the British model of

decaying hospitals and take-a-number-and-wait surgery. A serious, refundable tax credit, in contrast, would allow the working poor and the lower middle class to purchase their own health coverage, while maintaining the benefits of private medicine. Two weeks ago, President Bush signaled his openness to such a credit.

There are splittable differences on these issues. It would be a reasonable compromise to expand SCHIP significantly, while offering adults a generous tax credit to purchase health insurance. But in Washington today, to call something a “reasonable compromise” may be the kiss of death.