



OFFICE OF SPEAKER NANCY PELOSI

FACT SHEET

September 25, 2007

BIPARTISAN CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) REAUTHORIZATION

Key Points:

- **This bipartisan bill renews and improves the Children's Health Insurance Program (CHIP), providing health care coverage for more than 10 million children – preserving coverage for all 6.6 million children currently covered by CHIP and extending coverage to 3.8 million children who are currently uninsured, according to the nonpartisan CBO.**
- **CHIP was created in 1997 to provide health care coverage for children in families that earn too much to qualify for Medicaid, but not enough to afford private insurance.**
- **This bill does NOT “expand” CHIP; it maintains current law regarding children's eligibility for CHIP. It simply gives states the resources and incentives necessary to reach millions of uninsured children who are currently eligible for, but not enrolled in, CHIP and Medicaid.**
- **In 2004, at his acceptance speech at the Republican National Convention, President Bush declared, “America's children must have a healthy start in life... In a new term, we will lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for government health insurance programs.” And yet now, in 2007, President Bush has threatened to veto a bill that does just that – enroll millions of low-income children who are eligible but not signed up for CHIP and Medicaid.**

Today, the House will consider a motion to concur in House amendments to Senate amendments to H.R. 976, Children's Health Insurance Program (CHIP) Reauthorization Act of 2007. This represents the bipartisan House-Senate agreement on this legislation. This bill reauthorizes the Children's Health Insurance Program (CHIP), which expires on September 30, 2007, for five years and provides health care coverage for more than 10 million children. Below are highlights of some of the bill's provisions.

Invests \$35 billion in new funding for CHIP. The bill reauthorizes the Children's Health Insurance Program, investing an additional \$35 billion over five years to strengthen CHIP's financing; increase health care coverage for low-income, uninsured children; and improve the quality of health care children receive. As Republican Senator Grassley has pointed out, “As far as the size of the package, it's important to understand that about half of the new money is needed just to keep the program running, and the rest goes to cover more low-income kids.”

Ensures health care coverage for more than 10 million American children. First, the bill ensures that the 6.6 million children who currently participate in CHIP continue to receive health care coverage. It also extends coverage to 3.8 million children who are currently uninsured, according to the nonpartisan Congressional Budget Office.

Does not “expand”CHIP; simply provides for enrolling children who are currently eligible but not yet enrolled. Despite claims by President Bush, this bill does nothing to “expand” the CHIP program; this bill maintains current law regarding children’s eligibility for CHIP. Two-thirds of uninsured children are currently eligible for coverage through CHIP or Medicaid – but better outreach and adequate funding are needed to identify and enroll them. This bill gives states the resources and incentives necessary to reach millions of uninsured children who are eligible for, but not enrolled in, the program.

Targets lowest-income uninsured children for outreach and enrollment. The bill is designed to target specifically the lowest-income uninsured children for outreach and enrollment in CHIP coverage. The bill does NOT call for CHIP coverage for children in families at higher income levels. Instead, it reduces federal matching funds for future coverage of children at higher income levels, and provides incentives to cover the lowest-income children instead.

Improves CHIP benefits -- ensuring dental coverage and mental health parity. Under the bill, quality dental coverage will now be provided to all children enrolled in CHIP. The bill also ensures that states will offer mental health services on par with medical and surgical benefits covered under CHIP.

Provides states incentives to enroll uninsured low-income children. The bill provides incentives for states to lower the rate of uninsured children by enrolling eligible children in CHIP and Medicaid, including providing bonus payments. States will receive state-based allotments that are responsive to state demographic and national spending trends. States that face a funding shortfall and meet enrollment goals will receive an adjustment payment to ensure that no child who is eligible for Medicaid or CHIP is denied coverage or placed on a waiting list.

Replaces CMS August 17th letter to the states. On August 17, the Center for Medicare and Medicaid Services (CMS) sent a letter to the states drastically changing federal policy and placing unrealistic conditions on the ability of states to cover children above 250 percent of poverty. This bill replaces that letter. First, the bill states that it agrees with the President on the importance of ensuring that low-income children have health coverage and taking steps to address substitution of private coverage. Secondly, the bill replaces the letter with a more appropriate approach. In place of the letter, the bill gives states time and assistance in developing and implementing best practices to address substitution of coverage. The bill also puts the lowest-income children first in line by phasing in a new requirement for coverage of low-income children as a condition of receiving CHIP funding for coverage of children above 300 percent of poverty.

Improves outreach tools to streamline enrollment of eligible children. The bill provides \$100 million in grants for new outreach activities to states, local governments, schools, community-based organizations, safety-net providers and others.

Improves the quality of health care for low-income children. The bill establishes a new quality child health initiative to develop and implement quality measures and improve state reporting of quality data.

Prioritizes children’s coverage. The bill contains provisions to phase out the coverage of parents and childless adults in CHIP. However, it provides coverage of pregnant women as a new state option as well as preserving the options to cover pregnant women through a state waiver or through regulation.

Is fully paid for – by raising the tobacco tax by 61 cents a pack. The higher the cost of cigarettes, the less likely kids will take up smoking. According to the Campaign for Tobacco-Free Kids, a 61-cent increase in the tobacco tax means that 1,873,000 fewer children will take up smoking. Furthermore, the vast majority of Members of the House and Senate – both Democratic and Republican – are on record in favor of raising tobacco taxes. In August, all but 4 House Republicans voted for the GOP motion to recommit that included an increase of 45 cents a pack in the tobacco tax.