

Children's Health Care Bill



Senator Orrin Hatch (R-UT)

It is unfortunate that the President has chosen to be on what--to me--is clearly the wrong side of the issue.

I am not comfortable with raising taxes either. However, when we first created the CHIP program in 1997, we believed that it was entirely fitting that the bill be funded through incentives to decrease the use of tobacco, a leading killer of Americans young and old. And, therefore, I am comfortable with raising tobacco taxes to pay for our CHIP program.

This bill represents the congressional commitment to one of the most important goals we can strive for: a healthy population. We must start with the kids, and that is what H.R. 976 does.

The moderation on the part of House leaders is a true indication that they are serious about getting a bipartisan CHIP reauthorization bill signed into law.

I will add one more point that I want my Republican colleagues to take to heart. This is a bipartisan compromise bill. It is not the House-passed CHIP bill that would spend \$75 billion over the next 5 years on CHIP. In my opinion, the \$50 billion CHIP legislation before the Senate is the better deal for the low-income children and the American people.

-- Senate Floor Statements - September 27, 2007

The bill we voted on today is a good compromise that addresses viewpoints from both sides of the aisle in the Senate, and between the House and the Senate. I urge the President to let it stand...

-- Press Release - September 28, 2007

Senate - September 27, 2007

Mr. HATCH. Mr. President, I remember it so vividly.

I remember it as if it were yesterday.

But it was 10 years ago that Senator KENNEDY and I stood outside this great building, we stood on the Capitol lawn under a great oak tree, and announced final passage of the Children's Health Insurance Program legislation.

History was made that day, and it has been made every day since.

A true, bipartisan partnership--forged on the strength of good intentions, motivated by a simple desire to help our country's most vulnerable citizens, and nurtured in a politics-free atmosphere--led to enactment of CHIP, arguably the most significant advancement in children's health in this modern era.

Ten years ago, Senator John Chafee and Senator ROCKEFELLER, Senator KENNEDY and I, began a partnership that led to the Children's Health Insurance Program. That legislation, enacted in under 5 months--to show you its potency--was founded on a very basic premise: that we needed to provide incentives to States to help them design plans to provide health insurance to the poorest of the poor families not eligible for Medicaid.

Senators ROCKEFELLER and Chafee argued for a Medicaid expansion. Senator KENNEDY and I argued for a State-directed block grant. The final law was an innovative, workable blend of the two.

Since that time, almost 6 million children have become insured under CHIP. They are leading healthier, more productive lives.

Their parents can sleep at night, resting easy that their children will be taken care of if they become ill.

That peace of mind, that giant step toward a healthier population, is the mark of a compassionate, caring Congress. It was a mark toward reassuring the American people that the Government hears their concerns loud and clear and stands ready to act.

Let us hear that same message today and let us provide our constituents with that same measure of reassurance as we consider this bipartisan agreement to extend CHIP for another 5 years.

This year, as Finance Committee Chairman MAX BAUCUS, Ranking Republican CHUCK GRASSLEY, Subcommittee Chairman JAY ROCKEFELLER, HELP Committee Chairman KENNEDY, and I began our discussions of the Child Health Insurance Program Reauthorization Act--or CHIPRA--we agreed there were several key principles that must be embodied in any extension of the original act.

The bill we consider today is built on those principles.

First, we agreed that the proposal must be fully financed or else it would be irresponsible for us to legislate.

Next, it must retain the original character of CHIP--that is, it must be a flexible, State-directed program. Senator KENNEDY talked about that this morning.

We worked to see the budget resolution provide \$25 billion in its baseline to extend the current levels of coverage, and up to \$50 billion more if it were fully financed.

Indeed, this bill is fully financed.

The costs above the budget baseline have been certified by Joint Tax to be covered by an increase in the tobacco excise tax.

We agreed that we wanted to continue coverage for those who are currently eligible, but also to conduct extensive outreach to enroll those who may be eligible but aren't enrolled.

Our bill provides health coverage to almost 4 million low-income, uninsured children through incentives to states to enroll these uninsured children in their programs.

We agreed that coverage of childless adults--a policy Senator KENNEDY and I never intended nor envisioned when we wrote our original proposal--we agreed that policy needed to stop.

Under our bill, childless adults currently covered under CHIP will be phased out of the program and transitioned into Medicaid.

I cannot emphasize this enough. Today, 6 million children receive health care through the CHIP program--25,095 of these children are from Utah.

That would not have happened absent congressional action in 1997.

In addition, there are an added 6 million children in families with income under 200 percent of the Federal poverty level--or FPL--who are uninsured and eligible for either CHIP or Medicaid.

According to the Congressional Budget Office, the bipartisan, compromise bill covers close to 4 million of these children--3.7 million to be precise--a significant step by any measure. This is a crucial, crucial part of the bill, an achievement that, while expensive, really goes to the heart of what we are trying to achieve with the original CHIP, and now CHIPRA.

For several weeks now, we have heard a crescendo of opposition to our legislation from officials at the White House, and most recently, our President.

Needless to say, this is disheartening for me.

It is difficult for me to be against a man I care for, my own personal President, on such an important bill. I have been and will continue to be one of the President's strongest supporters in the Congress. He is a good man. He means well, but he does have to listen to his staff--or at least does listen to his staff, and I believe he has listened to them in a way that throws barriers up to this bill.

I wish I had had an opportunity to persuade him on the merits of this bill before he issued a veto threat. I did send messages down there, talked to top people in the administration, but I wish I had had a greater opportunity.

Indeed, I am sympathetic to many of the concerns he raises.

When he says that we need to be careful about creating a one-size-fits-all health plan for our children, I believe he is right. When we wrote this program in 1997, we wrote it based on the foundation of giving States the flexibility to design their own CHIP programs. Each State is different--what is good for Utah may not be good for California or Massachusetts.

It is important for States, not the Federal Government, to determine which benefits should be covered. After all, CHIP is a State block grant program, not a Federal entitlement. That is why we are debating its reauthorization today.

The President has also raised concerns about the Federal dollars that our bill spends on the CHIP program over the next 5 years.

I agree that \$60 billion is a lot of money. But in comparison to what the House passed bill proposed earlier this year--they started at \$100 billion and came down to \$75 billion--it is much more reasonable.

And, as the Congressional Budget Office has told us, it is relatively more expensive to find and cover the low-income children who still do not have health coverage compared to those who are enrolled today.

That is why I was able to agree with the Senate number of \$35 billion, in addition to the \$25 billion already built in the budget baseline for CHIP--although, to be fair, it is higher than I would have liked. But this is a classic compromise and friends in the House wanted more. Some of them.

It is unfortunate that the President has chosen to be on what--to me--is clearly the wrong side of the issue.

Indeed, this is not the bill I would have written if I had full license to draft. That is true for the original SCHIP law as well.

But, it is hard to envision any major law being written by one person and enacted without change. That is not how good legislation is made.

Indeed, 10 years ago, Senator KENNEDY and I spent many, many hours proposing, arguing, compromising, and refining, in drafting session after drafting session.

Some days it seemed we disagreed more than we agreed.

It was hard, hard work.

But it was a labor of love.

We had a full discussion. We explored all the issues together.

We found compromises where we needed to.

That is how good legislation is made. Sometimes even bad legislation, but this is good legislation.

It pains me that we did not have this full discourse with the administration on CHIPRA.

It pains me that some have been slow to recognize the realities of this new Congress.

Indeed, what some political pundits termed The Trifecta--a Republican House, Senate, and Presidency, is no more.

I thought I should point out this fact for those in this body who may not have noticed.

And so it is no secret, no surprise, that a Democrat-led Congress would seek a more expansive program.

Yet it is to the great credit of our Democratic leaders that they recognize our country's fiscal realities and that they held the line at the additional \$35 billion figure.

To be sure, I would have been comfortable with a lower number, just as Speaker PELOSI and Chairman RANGEL and Chairman DINGELL and Chairman BAUCUS and Chairman ROCKEFELLER advocated for a much higher number.

So, again, we have that spirit of compromise which was the hallmark of CHIP in 1997.

I must say it has also been difficult to conflict with my good friend from Utah, Health and Human Services Secretary Mike Leavitt.

He was an expert in health care policy when he was Governor of Utah, and he is even more of a leader on the national level now.

I know the concerns he expressed to me about the CHIP bill in 1997.

I recall our many conversations when he advocated for a greater Federal role in health coverage for needy children. And I also recall his admonitions that we could do better by the children and their parents if we were to provide the States with much-needed flexibility.

The final CHIP block grant reflected that flexibility I believe, and Mike Leavitt's good counsel helped us improve the law. I hear Secretary Leavitt's concerns when he says that he is concerned about paying for the reauthorization of this program through tobacco taxes. I am not comfortable with raising taxes either. However, when we first created the CHIP program in 1997, we believed that it was entirely fitting that the bill be funded through incentives to decrease the use of tobacco, a leading killer of Americans young and old. And, therefore, I am comfortable with raising tobacco taxes to pay for our CHIP program.

I understand his concerns about crowd-out and higher income children dropping their private health coverage in order to be covered through CHIP when CHIP was created to provide health care for low-income children.

And I agree with him 100 percent when he says that we are only fixing part of the problem by reauthorizing CHIP and not addressing what's wrong with the entire health care system.

He and I have visited on several occasions on these issues. I have benefited by that guidance, and I sincerely regret that ultimately we disagree on this bill. But I am willing to work with him to try to come up with an overall health care plan that will work.

I might add that I believe we have had an honest misunderstanding which has not only been raised by Secretary Leavitt but the President as well. They say that our legislation allows families with annual incomes of \$83,000 to be covered under a State CHIP plan.

Let me be clear. Our legislation does not permit a State to cover these families unless the Secretary of Health and Human Services approves the State's application to cover individuals at that income level.

We do not change current law and put Congress in charge. We leave that decision in the hands of the Secretary.

We do not take away the Secretary's authority to make that decision.

I hope that point is clear.

At this point, it may be helpful for me to outline for my colleagues exactly what this bill does.

As I stated earlier, CHIPRA is a 5-year reauthorization which spends an additional \$35 billion in Federal dollars on the CHIP program, in addition to the \$25 billion in Federal dollars already built into the budget baseline.

So, in total, we are spending \$60 billion in Federal dollars over the next 5 years on the CHIP program.

And I know that sounds very expensive, especially to my Republican colleagues. In contrast, the bill passed by the House in August would have spent an additional \$50 billion on CHIP on top of the \$25 billion in the budget baseline for a grand total of \$75 billion.

As this chart indicates, we spend far more Federal money on Federal health programs than we are suggesting that we spend on the CHIP program over the next 5 years.

This chart compares projected spending in Medicare, Medicaid and the National Institutes of Health to the spending that we authorize for the CHIP program from fiscal year 2008 to fiscal year 2012.

For the Medicare Program, CBO projects that the Federal Government will spend \$2.6 trillion, yes, trillion dollars over the next 5 years.

For the Medicaid Program, CBO projects that the Federal Government will spend \$1.22 trillion over the next 5 years.

For the NIH, we project that the Federal Government will spend approximately \$150 billion over the next 5 years.

In contrast, our bill authorizes \$60 billion over the next 5 years. I think these numbers speak for themselves. We can spend billions, even trillions of dollars on programs for the elderly, disabled, very poor and for medical research but spending \$60 billion to provide health care for the children of the working poor causes the President to issue a veto threat? Something here just doesn't add up, especially when you look at these numbers on this chart. The spending for the CHIP program hardly shows up on this chart compared to the other three programs.

Let me remind my colleagues that this legislation is built on compromise.

Is it perfect?

Far from it.

But does it cover more CHIP-eligible kids, our ultimate goal? Absolutely.

And that's why I am a strong advocate for this bill and urge my colleagues to support it.

This is a good compromise.

It is a \$35 billion bill--not a \$50 billion bill. The House ultimately agreed with the Senate on this issue. I do not blame them. They are very sincere in thinking you can just throw money at these things and you will do more good.

It does not include Medicare provisions. The House also dropped its insistence on this issue, even though there was tremendous pressure to include Medicare provisions such as a fix for the sustainable growth rate formula flaw, which is the physician reimbursement rate, in 2008.

But let me be clear, all of us agree that these important Medicare issues must be addressed by the end of this year. Just not in this bill.

Before I continue, I would like to note that both the \$35 billion limit and agreement not to include Medicare provisions were huge concessions by the House of Representatives.

Honestly, I never thought that the House leadership would agree to those terms; and, trust me, those were the two conditions that were nonnegotiable as far as I was concerned.

The moderation on the part of House leaders is a true indication that they are serious about getting a bipartisan CHIP reauthorization bill signed into law.

Key provisions of this legislation are the tools and resources it provides to enroll more of the CHIP-eligible children. As I previously stated, in addition to the 6 million children already covered by CHIP, this bipartisan compromise bill would provide coverage to almost 4 million more uninsured, low-income children.

The bill no longer allows new State waivers for adults to receive their health care through CHIP. Childless adults will be phased out of CHIP and will be covered through Medicaid.

States that currently cover parents may continue to do so; but after a transition period, States will no longer receive the enhanced CHIP match rate for covering parents.

The legislation rewards States for covering more low-income children by establishing a CHIP performance bonus payment for States that exceed their child enrollment targets.

We worked hard to make certain there will be no funding shortfalls with this legislation.

The bill provides States adequate money in their CHIP allotments so they will not experience funding shortfalls in their CHIP program.

As a safeguard, we created a Child enrollment contingency fund for States that experience a funding shortfall as a result of enrolling more low-income children.

Shortfalls have been a serious problem. They are something we want to avoid.

In addition, the proposal clarifies that States will only have 2 years to spend their CHIP allotments. Today, States have 3 years to spend their CHIP allotments.

It gives States a new option to provide coverage to pregnant women. Today, pregnant women are only covered in CHIP if the State has been granted a waiver to cover pregnant women or through the Administration's unborn child policy.

This is a proposal Senator KENNEDY and I seriously considered including in 1997. We ultimately concluded that the cost of childbirth hospitalization was so expensive, then, about \$4,000 a birth, that the greater public good could be achieved if we focused those resources on providing more insurance policies to needy children.

It was not a policy we undertook with great comfort. Indeed, Senator KENNEDY argued strongly for coverage of pregnant women. But ultimately, we chose to advocate for the policy that covered the most children.

Today, we are both satisfied that the bill embodies the correct policy, if I may speak for the Senator from Massachusetts on this point.

CHIPRA provides beneficiaries and their families with coverage choices. If the State provides premium assistance through its CHIP program, CHIP beneficiaries may choose to be covered through the State CHIP program or receive premium assistance to receive health care through a private health plan. And States like Utah that already have premium assistance programs for their CHIP beneficiaries would have their programs grandfathered in, in other words, their programs would continue to exist.

It also provides CHIP beneficiaries with dental benefits, states will have a choice of four dental benchmark plans to provide to their CHIP beneficiaries, the dental benefits included in the House-passed bill; a benefit package equivalent to the federal employee health plan dental benefit that covers the most children; a benefit package equivalent to the State employee dental

plan that covers the most children; or a benefit package equivalent to the most popular commercial dental plan that covers the most children.

As my colleagues are aware, I have a long record of advocating for better dental care for children. It alleviates so many health problems in the future.

In fact, in 2000, I introduced the Early Childhood Oral Health Improvement Act, which created grant programs to improve the oral health of children under 6 years of age. This bill was included in the Children's Health Act which was signed into law on October 17, 2000.

So, I know how important dental health is for children.

At the same time, it is fair to say that I have been concerned about mandating that States provide dental coverage for two basic reasons.

First, the inherent nature of CHIP, and a primary reason it could be enacted in a Republican-led Congress, is that it was a State block grant.

Mandates move us away from that important framework.

Second, the dental coverage that some advocated be included in this bill is more generous than most private-sector policies. Thus, including such coverage would be a giant incentive for crowd-out, that is, dropping private coverage in order to seek a more generous public coverage.

Ten years ago we called it substitution. Today, we call it crowd out. But it is the same thing.

I will not sugar coat it. It is a problem. It is a concern. And, we should take every step we can to keep it from occurring.

I think the dental policy we adopted was a good compromise, and I appreciate my colleagues agreeing to my suggestion for this coverage.

Our legislation also limits the Federal matching rate that States will receive for covering individuals with family incomes over 300 percent of FPL in their CHIP plans.

It clarifies the Administration's policy on crowd-out and provides States with guidance on how to ensure that their low-income children are covered through the CHIP plan before expanding coverage to higher income children.

Another key element of this bill is that it provides States with funds for outreach and enrollment.

It gives States a time-limited option to speed up enrollment in CHIP and Medicaid by using eligibility information from designated express lane agencies.

The bill gives States the option of verifying citizenship for both Medicaid and CHIP by submitting names and Social Security numbers to the Commissioner of Social Security.

It creates a new quality initiative through the Secretary of Health and Human Services, in consultation with the States, to develop evidence-based pediatric quality measures in order to evaluate the quality of care for children.

I introduced legislation to develop pediatric quality measures with Senators BAYH and LINCOLN and much of our bill is incorporated in this bipartisan compromise legislation.

The proposal includes mental health parity in the state CHIP programs so that if a State offers mental health coverage in its CHIP plan, it must be on par with limits for medical and surgical services.

Senator GORDON SMITH has done a stellar job bringing awareness about the need for mental health benefits for children and this provision is modeled after legislation that he introduced with Senator JOHN KERRY of Massachusetts.

At this point, I would also like to refute some of the inaccurate statements that I have heard the last few days regarding our bill.

First, some have alleged that our bill allows the Federal Government to continue covering childless adults and parents through CHIP.

Our bill puts the emphasis back on low-income, uninsured children. Simply put, our bill puts an immediate stop to States being granted future waivers to cover nonpregnant adults. In fact, the provisions included in the Senate-passed CHIP bill were included in the compromise, bipartisan CHIP bill.

At the beginning of fiscal year 2009, States will receive lower Federal matching rates for childless adults and in fiscal year 2010, childless adults will not be covered under CHIP, they will be transitioned into Medicaid.

At the beginning of fiscal year 2010, only States with significant outreach efforts for low-income uninsured children will receive enhanced match rates for parents; others will receive the lower Medicaid match rate FMAP for adults.

Starting in fiscal year 2011, all States will receive a lower Federal match rate for parents. Those States covering more lower income kids or with significant outreach efforts will receive a Federal matching rate for parents covered under CHIP which is a midpoint between the Federal CHIP matching rate and the lower Medicaid matching rate. Other States will receive the lower Medicaid Federal matching rate, known as FMAP, for CHIP parents. Simply put, beginning in fiscal year 2011, States will no longer receive the higher CHIP matching rate for covering parents.

Second, some criticize our bill and say it allows higher income children to be covered under the CHIP program.

Today, States may receive an enhanced Federal matching rate for their CHIP program through waivers for all income levels. Our bill discourages States from covering higher income individuals in the CHIP program.

After enactment of our bill, States with new waivers approved to cover those with family incomes over 300 percent of FPL would only receive the lower FMAP payment for these higher income individuals.

In addition, States that cover individuals with incomes over 300 percent of FPL in their CHIP plans will have to submit a State plan to the HHS Secretary to show how it is addressing crowd-out for higher income children covered under CHIP.

The State plan must be approved by the HHS Secretary before October 1, 2010; otherwise, the State will no longer receive Federal matching dollars for covering those over 300 percent of FPL in their CHIP plans.

Third, some say our bill makes CHIP an entitlement program and almost doubles the Federal dollars spent on CHIP over the last 10 years.

CHIP is not an entitlement program, it is a capped, block grant program, where States are given flexibility to cover their low-income, uninsured children.

I admit that it works so well, nobody wants to abolish it, including the President and most everyone in this body. As to its cost, as I noted earlier, the 6 million children who are already covered by CHIP were easier to find than the current 6 million, low-income, uninsured children under 200 percent of FPL.

CBO has explained it is much more expensive to find these uncovered children. That is why our bill gives States bonus payments for enrolling them. I hope their prediction does not prove true. If it doesn't, we will save money in the program. But if their prediction does prove true, there is still no excuse for enrolling these kids.

I also believe it is important to note that, according to the Centers for Medicare and Medicaid Services, in 2005, we spent a total \$1.98 trillion on our Nation's health care system.

Private expenditures were \$1.08 trillion and Federal spending was \$900 billion.

Total Medicare spending was \$342 billion in 2005 and Medicaid was \$177 billion in Federal dollars.

Our bill today funds CHIP at \$60 billion over five years--a fraction of the cost to provide care for low-income, uninsured children. Covering these children is worth every cent.

Another common criticism is the myth that our bill allows States to cover children from families with annual incomes of \$83,000.

I have addressed this before, but it bears repeating.

Our bill neither prevents, nor requires, States' coverage of families at higher income levels. Only the Secretary of Health and Human Services decides whether a State may cover families with incomes up to \$83,000 per year under their State CHIP program, not Congress.

Many have suggested, in error, that our bill allows illegal immigrants to be covered under CHIP.

In fact, during the House debate, I heard some state incorrectly that our bill provides benefits to illegal immigrants and opens the door for CHIP and Medicaid benefits for illegal immigrants by substantially weakening a requirement that persons applying for such services show proof of citizenship.

Nothing could be further from the truth.

In fact, our legislation has specific language stating that no illegal immigrants will be covered under CHIP.

For those who still don't believe me, it can be found under section 605, entitled No Federal Funding for Illegal Aliens.

Let me just read what it says: ``Nothing in this Act allows Federal payment for individuals who are not legal residents."''

Finally, much has been said about the Centers for Medicare and Medicaid Services' recent guidance on crowd out.

I will include for the RECORD a letter dated August 17, 2007, to the State Medicaid Directors from Dennis Smith, the director of the Center for Medicaid and State Operations for CMS.

The purpose of this letter was to give the State Medicaid Directors guidance on how CMS will review state plan amendments or waivers to raise income eligibility limits under the CHIP program in the future.

In this letter, CMS made it perfectly clear that the agency was very concerned about crowd-out and wanted States to target low-income, uninsured children under 200 percent of poverty before covering higher income children under CHIP.

So in order for States to cover higher income children, CMS made it clear that States must cover 95 percent of their children under 200 percent of poverty before expanding coverage to higher income children.

While I agree with the thrust of what the administration intended to achieve, I am not certain what Mr. Smith asks the States to do can be achieved.

States have told us it is virtually impossible for them to determine how many of those low-income children are currently covered.

Currently, good, solid data on the uninsured simply do not exist. So it is almost impossible to find good, solid numbers on the uninsured. On top of that, currently, States do not have to report income data to CMS.

Therefore, we knew that it would be impossible for States to determine how many low-income, uninsured children live in their States and whether or not those children were receiving health coverage.

We heard the States and we addressed their valid concerns in the bill by requiring that two studies will be conducted to study crowdout and figure out what States are doing to successfully cover low-income, uninsured children. Once the data are available, States covering individuals over 300 percent of poverty in their CHIP plans must submit to the HHS Secretary their plans for covering low-income children and reducing crowdout. If its plan is not approved by a certain date, a state would no longer receive CHIP money for covering those over 300 percent FPL with limited exception. To me, that sends a very clear message to all 50 States about the intention of the CHIP program--to cover low-income, uninsured children.

Let me conclude by emphasizing to my colleagues that passing this legislation is the right thing to do.

When we first wrote CHIP in 1997, our goal was to cover the several million children who had no health insurance coverage. These children were in a no-win situation--their family incomes were too high to qualify for Medicaid, but their families did not have enough money to purchase private health insurance.

When Senator KENNEDY, Senator Chafee, Senator ROCKEFELLER and I worked on the original legislation in 1997, our goal was to cover the several million children who had no health insurance.

Coverage of these uninsured children is still our top priority, and I believe our bipartisan CHIP bill will make a dramatic difference by covering almost 4 million additional low-income children.

The bill we are considering is very similar to the Senate-passed CHIP bill and captures the true essence of the 1997 law.

It is the true essence of bipartisan compromise.

To be fair, it does not make any of us Republicans comfortable to face a veto threat from our President.

It does not make me comfortable to face a veto threat issued by my colleague and good friend from Utah, Secretary Leavitt.

However, as Senator KENNEDY and I have been fond of saying to each other over the years, if neither side is totally comfortable, we must have done a good job.

This is a good bill. It accomplishes what we have set out to do--to cover low-income children without health coverage.

Yes, I admit, it is expensive. However, this is necessary spending when I think of the 6 million American children who are leading healthier lives because of our vision and commitment.

And when I compare \$60 billion to the trillions of dollars our Government will spend on health care, I believe it is a worthwhile benefit.

We should not let the opportunity pass us by to build on that solid foundation and do even better for the children, our future.

I will add one more point that I want my Republican colleagues to take to heart. This is a bipartisan compromise bill. It is not the House-passed CHIP bill that would spend \$75 billion over the next 5 years on CHIP.

In my opinion, the \$50 billion CHIP legislation before the Senate is the better deal for the low-income children and the American people. It is my hope that my colleagues who disagree with me will take one more look at this legislation.

On the House side, I would like to recognize the hard work of my House colleagues: Energy and Commerce Committee Chairman *John Dingell*; House Energy and Commerce Health Subcommittee Chairman *Frank Pallone*; House Ways and Means Committee Chairman *Charlie Rangel*; House Committee on Oversight and Reform Chairman *Henry Waxman*; and of course, the Speaker of the House, *Nancy Pelosi*.

I also want to commend my Utah Governor, Jon Huntsman, Jr., for his continued support of legislation to reauthorize the CHIP program. In April, Governor Huntsman presented me with a proclamation expressing his and the Utah State Legislature's strong support for the CHIP program, which I greatly appreciated. In fact, Governor Huntsman and his staff have provided me with invaluable advice throughout this process. Utah's program, which covers 25,095 children, provides well-child exams; immunizations; doctor visits; hospital and emergency care; prescriptions; hearing and eye exams; mental health services; and dental care.

Finally, I must commend my good friends and colleagues from the Senate: Finance Committee Chairman *Max Baucus*; Ranking Republican Member *Chuck Grassley*; Finance Health Subcommittee Chairman *Jay Rockefeller*; and the Senate Majority Leader *Harry Reid*.

I would also like to mention all of the staff who put many hours into this bill and gave up time with their families to work on this bill--Pattie DeLoatche, Patricia Knight, Karen LaMontagne, Peter Carr, Jared Whitley, Hanns Kuttner, Becky Shipp, Rodney Whitlock, Mark Hayes, Alice Weiss, Michelle Easton, David Schwartz, Jocelyn Moore, Ellen Doneski, Ruth Ernst, Kate Leone, Bridgett Taylor, Amy Hall, Bobby Clark, Karen Nelson, Andy Schneider, Wendell Primus, Ed Grossman and Jessica Shapiro.

I would be remiss if I didn't mention some of the staff who laid the groundwork on the original CHIP law in 1997, particularly Patricia Knight, Rob Foreman, Bruce Artim, Nick Littlefield, David Nexon, Laurie Rubiner, Lisa Layman, Michael Iskowitz, Cybele Bjorklund and Mary Ella Payne.

Mr. President, I remember so vividly 10 years ago when Senator *Kennedy* and I stood on this floor to argue for enactment of SCHIP. We had two posters.

We had one of a little boy named Joey.

And we had one of Joe Camel, the mascot for one manufacturer of cigarettes.

We asked our colleagues, whom do you support? Joe Camel or Joey?

It is somewhat ironic, even amazing, or even more--a reflection of history repeating itself--that I stand here today to pose the same question to my colleagues.

Whom do you support: Joe Camel or Joey?

Joey? He's now almost 20.

The Camel? Haven't seen him for a while, have we?

So, we are making progress.

But there is much to do.

This bill represents the congressional commitment to one of the most important goals we can strive for: a healthy population.

We must start with the kids, and that is what H.R. 976 does.

I would like to close by reading an excerpt from a letter written by Karen Henage, the parent of children are covered by the Utah CHIP program. Kim Henage writes, "I firmly believe the CHIP Program gave our family the financial assistance and more so the emotional security (peace of mind) to survive our new start, so that we were able to make it make it through. We are a success story because of this assistance. I cannot express in mere words how much this meant to us. When we needed it, it was there for us. I wholeheartedly request your support of the continuation of this valuable program, that other families might survive as we did."

I think Kim's letter says it all--we must pass this bill today so more families without health insurance will be able to become a CHIP success story like the Henages.

I ask unanimous consent to print the above-referenced letter from CMS in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH &

HUMAN SERVICES,

Baltimore, MD, August 17, 2007.

DEAR STATE HEALTH OFFICIAL: This letter clarifies how the Centers for Medicare & Medicaid Services (CMS) applies existing statutory and regulatory requirements in reviewing State requests to extend eligibility under the State Children's Health Insurance Program (SCHIP) to children in families with effective family income levels above 250 percent of the Federal poverty level (FPL). These requirements ensure that extension of eligibility to children at these higher effective income levels do not interfere with the effective and efficient provision of child

health assistance coordinated with other sources of health benefits coverage to the core SCHIP population of uninsured targeted low income children.

Section 2101(a) of the Social Security Act describes the purpose of the SCHIP statute "to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage." Section 2102(b)(3)(C) of the Act, and implementing regulations at 42 CFR Part 457, Subpart H, require that State child health plans include procedures to ensure that SCHIP coverage does not substitute for coverage under group health plans (known as "crowd-out" procedures). In addition section 2102(c) of the Act requires that State child health plans include procedures for outreach and coordination with other public and private health insurance programs.

Existing regulations at 42 CFR. 457.805 provide that States must have "reasonable procedures" to prevent substitution of public SCHIP coverage for private coverage. In issuing these regulations, CMS indicated that, for States that expand eligibility above an effective level of 250 percent of the FPL, these reasonable crowd-out procedures would include identifying specific strategies to prevent substitution. Over time, States have adopted one or more of the following five crowd-out strategies: Imposing waiting periods between dropping private coverage and enrollment; imposing cost sharing in approximation to the cost of private coverage; monitoring health insurance status at time of application; verifying family insurance status through insurance databases; and/or preventing employers from changing dependent coverage policies that would favor a shift to public coverage.

As CMS has developed more experience and information from the operation of SCHIP programs, it has become clear that the potential for crowd-out is greater for higher income beneficiaries. Therefore, we are clarifying that the reasonable procedures adopted by States to prevent crowd-out pursuant to 42 CFR. 457.805 should include the above five general crowd-out strategies with certain important components. As a result, we will expect that, for States that expand eligibility above an effective level of 250 percent of the FPL, the specific crowd-out strategies identified in the State child health plan to include all five of the above crowd-out strategies, which incorporate the following components as part of those strategies: The cost sharing requirement under the State plan compared to the cost sharing required by competing private plans must not be more favorable to the public plan by more than one percent of the family income, unless the public plan's cost sharing is set at the five percent family cap; the State must establish a minimum of a one year period of uninsurance for individuals prior to receiving coverage; and monitoring and verification must include information regarding coverage provided by a noncustodial parent.

In addition, to ensure that expansion to higher income populations does not interfere with the effective and efficient provision of child health assistance coordinated with other sources of health benefits coverage, and to prevent substitution of SCHIP coverage for coverage under group health plans, we will ask for such a State to make the following assurances: Assurance that the State has enrolled at least 95 percent of the children in the State below 200 percent of the FPL who are eligible for either SCHIP or Medicaid (including a description of the steps the State takes to enroll these eligible children); assurance that the number of children in the target population insured through private employers has not decreased by more than two percentage points over the prior five year period; and assurance that the State is current with all reporting

requirements in SCHIP and Medicaid and reports on a monthly basis data relating to the crowd-out requirements.

We will continue to review all State monitoring plans, including those States whose upper eligibility levels are below an effective level of 250 percent of the FPL, to determine whether the monitoring plans are being followed and whether the crowd-out procedures specified in the SCHIP state plans are reasonable and effective in preventing crowd-out.

CMS will apply this review strategy to SCHIP state plans and section 1115 demonstration waivers that include SCHIP populations, and will work with States that currently provide services to children with effective family incomes over 250 percent of the FPL. We expect affected States to amend their SCHIP state plan (or 1115 demonstration) in accordance with this review strategy within 12 months, or CMS may pursue corrective action. We would not expect any effect on current enrollees from this review strategy, and anticipate that the entire program will be strengthened by the focus on effective and efficient operation of the program for the core uninsured targeted low-income population. We appreciate your efforts and share your goal of providing health care to low-income, uninsured children through title XXI.

If you have questions regarding this guidance, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs.

Sincerely,
Dennis G. Smith,

*Director, Center for Medicaid
and State Operations.*

Mr. HATCH. I yield the floor.

Senate - September 27, 2007

Mr. HATCH. Mr. President, as usual, I appreciate the comments of the distinguished Senator from Massachusetts, when we are on the same wavelength. On this one, we are. I have to say that the original CHIP bill that virtually everybody acclaims as an excellent piece of legislation that has helped millions of children from working poor families, the only children left out of the process, wouldn't have come to pass except for the support of the distinguished Senator from Massachusetts. We both took a lot of flak during those early months when we were trying to solve this problem of the working-poor children.

I had two Provo, UT, families come in to see me. Both parents in each family worked. Each family had six children. Neither family, with both incomes, had more than \$20,000 a year in total gross income. They clearly could not afford child health insurance. CHIP was the only answer to their plight. They were the only people left out of the process. They worked. They did the best they could.

I remember when the distinguished Senator from Massachusetts and I sat down together. We are from two opposite poles in many respects, although he doesn't realize that he is a lot more conservative than he thinks. He thinks I may be a lot more liberal than I think. But when

Kennedy and Hatch can get together, people around here say: Well, if they can get together, anybody can. People tend to get out of the way because they know it took a lot of effort for us to come together.

But the original CHIP bill could not have occurred but for my distinguished friend from Massachusetts and the work he did. Even though that hasn't been broadcast very much in the current debate, it is true. In the current debate, we wouldn't be as far along if it had not been for the efforts of the distinguished Senator from Massachusetts.

There are two sides to this. Yes, there is a legitimate side in opposition to having CHIP be \$35 billion above the baseline of \$25 billion. That argument is that we are growing this program too fast and we are putting too many people in it who were not originally supposed to be in it. The fact is, when we wrote the original CHIP bill, we provided for a system of waivers because we were afraid we didn't cover some things that should be covered. What really bothers me is that the people complaining about CHIP costing so much today in this administration, my administration, are the ones who gave 14--well, the tail end of the Clinton administration but primarily this administration--waivers to allow this program to go to many more people than we had originally intended. In fact, two States have more adults on the program than they do children. That has caused a lot of angst. A several States are way over the 200 percent of poverty--one state even covers families with incomes up to 350% of poverty.

Let's put it this way: The opponents seem to ignore the fact that this bill covers 92 percent of kids who are under 200 percent of poverty. Yes, there is 8 or 9 percent who may be above but the vast majority of them have lived with this program. We found that even with the moneys that we had in the original CHIP bill, which happened to be \$40 billion over the last 10 years--that it wasn't enough to put all of the kids who were eligible on the program.

One of the higher costs we found has been documented by CBO. We rely on CBO around here. CBO said that the high costs come from trying to locate the kids to get them in the program so they have a shot at being healthy, so that they are not liabilities for society as a whole when they get older.

This program is very important. We fought hard to keep the program within the \$60 billion--\$25 billion baseline and \$35 billion above the baseline, for a total of \$60 billion. At first, those in the House wanted \$100 billion. Then they came down to \$75 billion. Finally, to their credit, they acknowledged that we were not going to do any better than \$35 billion over the baseline, and Senator *Grassley* and I had to stick with that, with the hope that the administration would recognize how hard we had worked, how important this program is, this program which they themselves would like to reauthorize, and how difficult it is to get the additional 6 million eligible kids on CHIP. To be honest with you, it proved to not be enough as far as federal funding was concerned. And, we lost out on a lot of kids who should have had coverage through this program.

Through this bill, what we are trying to do is cover the kids who should be on the program. They are basically kids of the working poor. We did add pregnant women because we thought that since this involves children and it is so important to have good prenatal care and postnatal care for the health and well-being of those children, that is a logical thing to do.

Really what bothers me about the arguments on the other side--there are legitimate arguments, there always are on both sides--is that we spend about \$1.9 trillion on health care in our society today each year. About \$1 trillion of it is in the private sector, and about \$900 billion is in the public sector. We are asking for \$60 billion out of \$1.9 trillion to help the kids who are left out of the program. The CBO says even at that, we will not put enough money into this program.

Then we have the argument: This is leading to one-size-fits-all Government-mandated, socialized medicine health care. I think you could make that argument on anything we do in health care around here that involves Government. But on the other hand, I don't want to leave these kids high and dry, either. So it is very important that we get this straight and do what is right.

I have appreciated the remarks of the distinguished Senator from Massachusetts. Many on his side don't care to ever ask where is the money going to come from to pay for these things. On the other hand, in a \$1.9 trillion budget, it seems to me \$60 billion is not too much, especially since we are covering kids who should be covered who weren't covered in a program that virtually everybody says is important, virtually everybody says we ought to have, just not as much. And even with the \$60 billion, it is my understanding, according to CBO, we will not really cover all of the kids we should, but we will cover most, which is a big improvement over the current program.

I join with the distinguished Senator from Massachusetts hoping that the administration will listen and maybe change its perception. There are good arguments on both sides. The better argument is to try to do what we can for these kids; that is, work on an overall comprehensive health care bill that will save money, have less Government intrusion, have more private sector development, give people more opportunities of choice, and give them the choice to bring costs down in the current system. People of good will on both sides could probably do that if we really set our minds, if we just don't make this one big political battle all the time. Unfortunately, it is a political battle over CHIP.

According to some in the administration, I am on the wrong side. I don't think so. I am on the right side. I believe this has to be done. Does that mean that I am not willing to modify and work and do what we can to come up with a comprehensive health care approach that emphasizes competition and opportunity, that will cover everybody? Of course not!

I would like to get there. This is a bill which does not necessarily take us away from getting there, but I think some of these arguments which have been offered have been not very good and not very accurate.

Senate - September 26, 2007

Mr. HATCH. I thank the Senator for his kind remarks, which come from somebody who I know takes health care very seriously and has proven himself to be one of the leaders in health care. I personally pay tribute to the other Members who have also worked so hard on the SCHIP bill; in particular, Senator *Kennedy*. I remember back in the early days, when it was a lonely thing for Senator *Kennedy* and I to go around the country talking about helping the poor kids, the

only ones left out of the health care system. It took a leading liberal such as Senator *Kennedy* and this poor, old beaten-up conservative to be able to do that.

I am grateful we were able to come up with a bipartisan bill that the House was kind enough to work with us on. That was one of the rare bipartisan efforts this year that I would like to see more of in the Congress.

I sure hope somehow or another we can get the CHIP bill not only authorized but passed and signed into law so these 10 million kids have a future from a health care standpoint.

In any event, I did not mean to take so much of the Senator's time, but I wanted to thank him for his very kind and thoughtful remarks. His friendship is important to me. I personally congratulate him for his sensitive and very professional work on health care, not only in the House of Representatives but here as well.

Senate - September 26, 2007

Mr. HATCH. Madam President, I won't take much time about SCHIP, only to say I hope our colleagues will vote for the SCHIP bill. It is a real bipartisan effort made by Democrats and Republicans over a long period of time with a lot of give by House Democrats and House Democratic leadership because they wanted a bill. I hope we pass that bill. I will identify my remarks to a large degree with the remarks of the distinguished Senator from Iowa who spoke earlier.

September 28th, 2007

Media Contact(s): Heather Barney (801) 524-3341 Jared Whitley (202) 224-0134

SENATE APPROVES CHIP COMPROMISE

Washington – The U.S. Senate today approved reauthorization of the Children’s Health Insurance Program by a vote of 67-29. A bipartisan, bicameral compromise, the House approved the bill earlier this week. Sen. Orrin G. Hatch (R-Utah), an author of the original CHIP legislation 10 years ago, released the following statement:

“The CHIP program works for America’s children,” Hatch said. “Because of this law six million children are receiving the health care they need to become healthy, productive citizens. When something works we must do everything in our power to continue its success. The bill we voted on today is a good compromise that addresses viewpoints from both sides of the aisle in the Senate, and between the House and the Senate. I urge the President to let it stand, so we can help four million more of our nation’s children. This is what it is all about – helping those who cannot help themselves.”

The CHIP Reauthorization Act maintains all of the key policy provisions of the bill passed by the Senate in August, including a cap on new spending of \$35 billion. Hatch helped to draft the legislation as Ranking Member of the Finance Subcommittee on Health Care.

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September 27th, 2007

Media Contact(s): Jared Whitley 202-224-0134

REPUBLICAN SENATORS SUPPORT CHILDREN’S HEALTH INSURANCE PROGRAM

WASHINGTON — Sens. Chuck Grassley and Orrin Hatch said there is significant support among Republicans for bicameral legislation to reauthorize the children’s health insurance program.

The Children’s Health Insurance Program Reauthorization Act under consideration today maintains all of the key policy provisions of the bill passed by the Senate in August, including a cap on new spending of \$35 billion.

Grassley and Hatch helped to draft the legislation as Ranking Member of the Senate Committee on Finance and Ranking Member of the Finance Subcommittee on Health Care. They said the support of so many leading Republican senators indicates the strength of the bill and the success of the SCHIP program.

Supporters said:

“The CHIP program works for America’s children. Because of this legislation six million children are receiving the health care they need to become healthy, productive citizens. When

something works we must do everything in our power to continue its success. The bill we voted on today is a good compromise that addresses viewpoints from both sides of the aisle in the Senate, and between the House and the Senate. If this bill passes and the President lets it stand, we can help four million more of our nation's children. This is what it is all about – helping those who cannot help themselves,” said Sen. Orrin Hatch of Utah.

“It is critical that we not let SCHIP expire and that we extend the program to cover additional low-income children. I urge my Senate colleagues to approve this vital legislation by a veto-proof margin. This program simply cannot be allowed to expire,” said Sen. Susan Collins of Maine.

“While some may mistakenly characterize S-CHIP coverage as a welfare benefit, what they may not realize is that nearly 90 percent of uninsured children come from families where at least one parent is working. Today, fewer than half of parents in families earning less than \$40,000 a year are offered health insurance through their employer—a nine percent drop since 1997. S-CHIP has proved to be both a successful program and a saving grace for millions of American families who otherwise simply could not afford to pay for their children's health care. Compromise on both sides of the aisle helped us create this program ten years ago and hopefully a renewed sense of bipartisan commitment will help us successfully reauthorize this vital program today,” Sen. Olympia Snowe of Maine.

“This bill marries good policy with good health care common-sense by funding a vital program for kids and discouraging smoking among our youth. We have found a workable solution to get coverage to those kids in need without over-extending the goals of the program. It would be irresponsible of the White House to veto this bill and deny millions of kids their chance at a healthy childhood,” said Sen. Gordon Smith of Oregon.

“I am proud to support this important bill, which will provide health insurance coverage to approximately 4 million more children who would otherwise be uninsured. I'm glad my colleagues and I were able to put politics aside and do what is right for these children,” said Sen. Pat Roberts of Kansas.

“SCHIP is an important program to New Hampshire, providing health care coverage to thousands of lower-income children that would otherwise go uninsured. Months ago, I made a commitment to support reauthorization. I followed through by backing the Senate bill in August and will do so again when the final bill reaches the floor. House and Senate negotiators took the right step in rejecting drastic and unacceptable cuts to Medicare in the original House-passed legislation – a measure that would have jeopardized millions in funding to New Hampshire's hospitals and nursing homes and would have all but eliminated the Medicare Advantage program that provides health care to more than 3,000 New Hampshire seniors,” said Sen. John Sununu of New Hampshire.

“New Mexico has a persistent problem with uninsured children. I helped create SCHIP as part of the 1997 Balanced Budget Act. My commitment to children's health care remains firm today, and I believe this compromise SCHIP reauthorization bill should be enacted. The program has been a success. The number of children without health coverage has declined but the need for this program remains,” said Sen. Pete Domenici of New Mexico.

“The Children's Health Insurance Program extends vital health care coverage to one of the most

vulnerable segments of our population – low income children. Until we in Congress can agree on how to address the future of our nation’s health care policies, programs like the child health insurance program are needed to ensure that these children are not left out,” said Sen. Lisa Murkowski of Alaska.

“This is about doing the right thing for families and ensuring access to health insurance for children who need it most. Passing an SCHIP bill is vital to Minnesota’s efforts to provide coverage for the state’s 80,000 uninsured children. This bill represents a sensible, bipartisan compromise, and I strongly encourage the President to sign it into law,” said Sen. Norm Coleman of Minnesota.

“We know that thousands of Alaska’s children have no health insurance. The passage of the SCHIP reauthorization bill is a first step in covering them. It ensures that one of our State’s most important programs – Denali KidCare – receives the necessary funds to deliver basic prevention and treatment services. Routine visits to doctors and dentists, substance abuse treatment, and essential prescription drugs can all be made available to our children and teens thanks to this funding,” said Sen. Ted Stevens of Alaska.

“The legislation gets the children’s health insurance back on track by making states enroll low-income children and cutting off adult coverage. About half the new money is just to keep the program running for the kids already on it. The rest goes to enroll as many as 4 million new kids,” Grassley said.

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September 21st, 2007

Media Contact(s): Jared Whitley 202-224-0134

SENATE, HOUSE ANNOUNCE AGREEMENT TO RENEW, IMPROVE CHILDREN’S HEALTH INSURANCE PROGRAM NOW

Bipartisan, bicameral coalition ready to move on full reauthorization of vital program

Washington – A bipartisan coalition of Senate and House leaders today announced a bicameral agreement to reauthorize the Children’s Health Insurance Program (CHIP) for an additional five years. CHIP provides health coverage to American children whose parents do not qualify for Medicaid, but can’t afford private insurance. The \$35 billion agreement struck by House and Senate negotiators will bring health coverage to approximately ten million children in need – preserving coverage for all 6.6 million children currently covered by CHIP, and reaching millions more low-income, uninsured American children in the next five years.

Below is an outline of the agreement, which is designed to target specifically the lowest-income uninsured American children for outreach and enrollment. The agreement 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. CHIP coverage of childless adults and parents will be phased out to maintain the program’s focus on kids.

Investing \$35 Billion in New Funding for CHIP. The agreement reauthorizes the Children’s

Health Insurance Program, investing an additional \$35 billion over five years to strengthen CHIP's financing, increase health insurance coverage for low-income children, and improve the quality of health care children receive.

Lowering the rate of uninsured low-income children. The agreement will provide health coverage to millions of low-income children who are currently uninsured. The bill also ensures that the 6.6 million children who currently participate in CHIP continue to receive health coverage. Pending final Congressional Budget Office estimates, the reduction in the number of uninsured children will approach four million children.

Improving Access to Benefits for Children (Dental Coverage/Mental Health Parity/EPSDT). Under the agreement, quality dental coverage will be provided to all children enrolled in CHIP. The agreement also ensures states will offer mental health services on par with medical and surgical benefits covered under CHIP, and protects medically necessary benefits (EPSDT) for low-income children.

Prioritizing children's coverage. The agreement makes several modifications as it relates to populations eligible for CHIP.

Pregnant Women: The agreement provides coverage to pregnant women as a new state option as well as preserving the options to cover them through a state waiver or through regulation.

Parents: The agreement prohibits any new waivers to cover parents in the CHIP program. States that have received waivers to cover low-income parents under CHIP will be allowed to transition parents into a separate block grant. The federal match for services to parents covered through CHIP will be reduced.

Childless Adults: The agreement retains the current law prohibition of waivers to allow coverage of childless adults. Currently covered childless adults will transition off CHIP. For states that have received CHIP waivers to cover childless adults, the agreement terminates those waivers after a one-year period, provides temporary Medicaid funding for already-enrolled adults, and allows states to apply for a Medicaid waiver for coverage.

Providing states with incentives to lower the rate of uninsured low income children. Under the financing structure, states will receive state-based allotments that are responsive to state demographic and national spending trends and allow additional up-front funding for states planning improvements. 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. The formula also sets in place new overall caps on federal funding to ensure the program's expenditures do not exceed the amounts authorized. The agreement provides incentives for states to lower the rate uninsured children by enrolling eligible children in CHIP or Medicaid.

Agreement Replaces CMS August 17th Letter to States. The Congress agrees with the President on the importance of covering low-income children have health coverage while taking steps to address crowd-out and prioritize coverage of lower income children. The agreement replaces the flawed CMS August 17th letter to states with a more thoughtful and appropriate approach. In place of the CMS letter, the agreement gives states time and assistance in developing and implementing best practices to address crowd out. The agreement 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 the poverty level.

Improving Outreach Tools to Simplify and Streamline Enrollment of Eligible Children. The agreement provides \$100 million in grants for new outreach activities to states, local governments, schools, community-based organizations, safety-net providers and others.

Improving the Quality of Health Care for Low-Income Children. The agreement establishes a new quality child health initiative to develop and implement quality measures and improve state reporting of quality data.

Improving Access to Private Coverage Options. The agreement expands on current premium assistance options for states. The agreement allows states to offer a premium assistance subsidy for qualified, cost-effective employer-sponsored coverage to children eligible for CHIP and who have access to such coverage. It also changes the federal rules governing employer-sponsored insurance to make it easier for states and employers to offer premium assistance programs.

Legislative language is currently being finalized, and will be available Monday. The House of Representatives will likely vote on legislation implementing this agreement on Tuesday of next week. The Senate will take up the measure shortly thereafter, to deliver a full renewal of the Children's Health Insurance Program to the President for signature into law before CHIP's current authorization expires on September 30.

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Supporting the Bipartisan Agreement to Improve the Children's Health Insurance Program

Congressional leaders have reached a bipartisan, bicameral agreement to renew and improve the Children's Health Insurance Program. Today, they called for continued cooperation across the Congress to pass the legislation, and urged President Bush to drop his threat to veto health care coverage for approximately ten million American kids.

Senate Finance Health Subcommittee Ranking Republican Orrin Hatch (R-Utah): "I have been fighting for legislation that will not only continue the CHIP program, but also cover more low-income kids who are eligible for CHIP. Today, we are unveiling our bipartisan compromise that accomplishes those two very important goals. Our proposal is an honest compromise which improves a program that works for America's low-income children.

"That said, I am very sympathetic to what the President is saying that CHIP, which has worked so well, should not become a big, one-size-fits-all government program. I am hoping that he will work with us on this program because this is a true compromise within the Senate between Democrats and Republicans, and between the House and the Senate."

House Speaker Nancy Pelosi (D-Calif.): "President Bush should support the bipartisan Children's Health Insurance Program legislation for 10 million reasons – the 10 million children who will receive health care coverage should this bill become law. It is a bipartisan compromise that cares for our children, helps millions of families struggling to make ends meet and is fully paid for – no new deficit spending. It is just the latest piece of bipartisan legislation that we have

sent to the President that addresses key national priorities in a fiscally responsible way. The CHIP bill is endorsed by a coalition of 270 groups, from the AARP to the YMCA, and governors and state legislators from both parties across the country. It is supported by the vast majority of the American people because it honors fundamental American values. We are hopeful that the President will reconsider his veto threat and sign this bill into law on behalf of all our nation's children."

Senate Majority Leader Harry Reid (D-Nev.): "This announcement is a victory for America's children. In its ten years, the Children's Health Insurance Program has helped millions of kids, and this bipartisan deal will build on that success, helping millions more. I commend House leadership and the committees in both chambers for their tireless commitment to improving the lives of America's children."

Senate Finance Committee Chairman Max Baucus (D-Mont.): "Right now, millions of children in America's working families can't see doctors when they should, can't get medicines when they need them, because their parents just can't afford costly private insurance. This bill will give millions of needy children the chance for good health through the Children's Health Insurance Program. We've put the lowest-income kids at the head of the line, targeting kids who are already eligible for CHIP, and we've strengthened CHIP's focus on children's coverage. Before the President makes another veto threat, he needs to look beyond politics and see the faces of the children who have no hope of health coverage without the additional funds in this bill."

Senate Finance Ranking Republican Chuck Grassley (R-Iowa): "This legislation will get the Children's Health Insurance Program back on track and reclaim precious resources for low-income kids. It breaks the legislative impasse and should have strong support from both Democrats and Republicans. The bill will enable the Children's Health Insurance Program to help cover millions more low-income uninsured children. 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. The bill is written to safeguard those dollars. It phases adults out of the program and tamps down on states covering higher income kids. It also works to help families to afford employer coverage."

As part of the compromise between the Senate and the House, House leaders have agreed to put aside Medicare for the time being so we can focus on getting health insurance to children. There are important Medicare issues that need to be addressed before the end of the year, including the update for Medicare payments to physicians. I expect the Senate to start work on Medicare very soon, and I look forward to working with Chairman Baucus and members of the Finance Committee to get the work done."

House Ways and Means Chairman Charles Rangel (D-N.Y.): "This bill is a reasonable and compassionate agreement that represents a major victory for America's neediest children. It is unfortunate President Bush intends to use his veto to deny quality health care to some of our most vulnerable citizens. I hope my Republican colleagues in Congress will oppose the president's ill-conceived action so we can deliver a big win for the children of this great nation."

House Energy and Commerce Chairman John Dingell (D-Mich.): "This is the product of a strong, bipartisan agreement and a shared commitment to taking care of America's children. I call on the Bush Administration to support this proposal, to work with Congress to reauthorize

CHIP, and to help us protect the health of more than 10 million children.”

Senate Finance Health Subcommittee Chairman Jay Rockefeller (D-W.V.): “I am proud we were able to put aside our partisan differences to do what’s right by our nation’s children. Now, millions more kids will be able to see a doctor, and have access to life-saving medication, preventative screenings and basic medical care. Congress is absolutely committed to sending a bill to the President before September 30. The fate of these children is now his moral responsibility. It’s incomprehensible to me that the President would walk away from low-income children who need health insurance. I hope he makes the right choice.”

House Energy and Commerce Health Subcommittee Chairman Frank Pallone (D-N.J.): “Today, Democrats and Republicans came together to announce a plan that will provide quality health care coverage to ten million low-income children in our nation. Since its creation, CHIP has helped reduce the number of children living without health care coverage, but over the last two years those numbers actually increased. Today's bipartisan agreement strengthens CHIP so that we can reverse this troubling trend by reaching out to more kids who are already eligible for the program. I hope President Bush takes a serious look at this agreement and reconsiders his veto threat so he does not turn his back on ten million children.”

Rep. Ray LaHood (R-Ill.): “This is a good bipartisan compromise to help the millions of uninsured children in our country. Whatever financial strains a family may endure, it should have no impact on the type and quality of care their child receives for health related matters. I support this bill and will encourage my Republican colleagues to do the same.”

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