



OFFICE OF SPEAKER NANCY PELOSI FACT SHEET

CHILDREN'S HEALTH AND MEDICARE PROTECTION ACT OF 2007 (CHAMP ACT)

Key Points:

- **This bill reauthorizes the Children's Health Insurance Program (CHIP) for 6 million children and provides 5 million more low-income children with health coverage – covering a total of 11 million children.**
- **This bill does NOT "expand" CHIP; it maintains current law regarding eligibility for CHIP. It simply gives states the tools and incentives necessary to reach millions of uninsured children who are eligible for, but not enrolled in, the program.**
- **CHIP expires on September 30, 2007. If Congress fails to approve the CHAMP Act and reauthorize CHIP:
 - Six million children will lose the health care coverage they have right now.
 - Millions of children won't get the preventive care they need and will likely receive care in the more costly environment of emergency rooms.
 - Our health care safety net will become even more strained from the pressures of the uninsured.**
- **This bill ensures seniors access to the doctors of their choice by stopping a scheduled 10 percent payment cut to doctors.**
- **This bill reverses the Republican drive to privatize Medicare, phasing out the overpayments to private plans.**
- **This bill improves Medicare's benefits:
 - New preventive benefits and improved access to providers.
 - Expands programs that assist low-income seniors with out-of-pocket costs.
 - Protects rural communities' access to health care.**

Today, the House will consider H.R. 3162, the Children's Health and Medicare Protection Act of 2007 (CHAMP Act). This bill reauthorizes the Children's Health Insurance Program (CHIP), which expires on September 30, 2007, and includes several provisions to protect and improve Medicare.

Providing 11 Million Children With Health Care Coverage

Provides health care to 11 million children – 5 million who currently lack health insurance and 6 million who are currently covered by CHIP. This bill reauthorizes the Children's Health Insurance Program (CHIP), which expires on September 30, 2007. This year, six million children have health care because of CHIP. If Congress does not act, these six million will no longer have access to quality, affordable health insurance. These children are in working families with parents who either can't afford

insurance or hold jobs that lack health care benefits. In addition, this legislation would provide health care coverage to five million additional children, who are currently uninsured but are eligible for CHIP.

Does NOT expand the CHIP program; 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 eligibility for CHIP. The majority 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 tools and incentives necessary to reach millions of uninsured children who are eligible for, but not enrolled in, the program. For example, the bill encourages best practices by the states. States that implement five out of seven outreach and enrollment “best practices” will receive a performance bonus – additional funding for enrolling more kids.

Since it was created in 1997, the CHIP program has received broad bipartisan support and has proven to be a successful program. In 1997, the Congress created CHIP with strong bipartisan support. It was the product of bipartisan negotiations between a Republican-led Congress and the Clinton Administration. The program has proven to be successful – having cut the number of uninsured children by one-third in the last decade. It has continued to receive bipartisan support. For example, in a letter issued by the National Governors Association in July, governors from both parties called for urgent action to reauthorize the Children’s Health Insurance Program.

President Bush highlighted his support for CHIP in 2004 – and yet now has issued a veto threat against the CHIP Reauthorization. At his acceptance speech at the Republican National Convention in 2004, 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 is threatening to veto a bill that does just that – enroll millions of poor children who are eligible but not signed up for CHIP.

Insuring children is affordable and cost-effective for taxpayers. Insuring America’s children is an affordable goal. It costs less than \$3.50 a day – about the cost of a Starbucks Frappuccino – to cover a child through CHIP. Furthermore, insuring kids is cost-effective for taxpayers who pick up the tab for indigent care through emergency rooms – the most expensive way to care for a child’s health – as well as because a healthy child is more likely to succeed in education and life.

Protecting and Improving Medicare

Protects Medicare from privatization. The bill protects Medicare from privatization and promotes fiscal responsibility by phasing out over four years overpayments to private plans (“Medicare Advantage” plans). Existing overpayments to private plans cost American taxpayers tens of billions of dollars. According to nonpartisan analysts, private plans are paid, on average, 12 percent more than traditional Medicare – and overpayments to certain plans exceed 50 percent. These overpayments are the result of a decade-long campaign by the GOP-led Congress to privatize Medicare by undermining traditional Medicare and promoting private insurance.

Extends solvency of Medicare Trust Fund and protects seniors from premium increases. The Bush Administration’s own Medicare Actuary admits that overpayments to Medicare Advantage plans reduce Medicare’s solvency and raise Medicare premiums for seniors and people with disabilities. Though fewer than two in 10 Medicare beneficiaries are enrolled in private plans, ALL beneficiaries pay higher premiums because of these overpayments to private plans. By phasing out these overpayments, this bill extends Medicare solvency by three years and protects seniors and people with disabilities from having to pay these higher monthly premiums.

Ensures patient access to doctors of their choice. The bill ensures that seniors and people with disabilities can continue to see the doctors of their choice by stopping a 10 percent payment cut to doctors in January 2008 and a 5 percent cut in January 2009.

Encourages seniors to seek preventive services. The legislation makes preventive health check-ups – like tests, screenings, and vaccines – more affordable for seniors by eliminating co-payments and deductibles, saving lives and money.

Helps those most in need. The measure makes health care more affordable and attainable for low-income seniors and people with disabilities by expanding programs that assist low-income beneficiaries with co-payments and deductibles and prescription drug costs. It increases asset limits and expands education and outreach efforts to facilitate greater participation in these important programs.

Ensures seniors' access to rural health care. The bill includes a \$3 billion rural package that sustains the rural health care safety net, extending for two years important add-on payments for hospitals, doctors and other rural providers who care for Medicare beneficiaries. Without congressional action, these provisions are set to expire, which would leave rural providers facing Medicare payment cuts. The CHAMP Act ensures that seniors living in rural areas will have access to the health care they deserve.

Reduces health disparities. The bill works to eliminate disparities in health care under the Medicare program. It provides Medicare with tools to analyze and identify racial, ethnic, and socioeconomic disparities in health care.

Protects consumers. The bill adds important consumer protections to Medicare. For example, it provides states with the authority to regulate private plans' marketing abuses and increases penalties for violations, enables all beneficiaries to switch Part D plans if plans alter their formularies and empowers low-income beneficiaries to change plans at any time.

Raising Tobacco Tax Both Reduces Kids Taking up Smoking and Helps Pay For Health Care for Five Million More Kids

Raising the tobacco tax will reduce kids taking up smoking. The higher the cost of cigarettes, the less likely kids will be to take up smoking. According to the Campaign for Tobacco-Free Kids, a 45-cent increase in the tobacco tax means that 1,381,000 fewer children will take up smoking. Furthermore, adults would also be less likely to smoke, meaning fewer smoking-related illnesses among the general population.

Raising tobacco tax will save billions in health costs. Total public and private health care expenditures caused by smoking are \$96.7 billion a year. According to the Campaign for Tobacco-Free Kids, a tobacco tax increase of 45 cents will lead to long-term health savings of \$32.4 billion; 669,000 fewer smoking-related deaths; and 171,800 fewer smoking-harmed births in the next five years.