

**CHIP UPDATE:**  
**REPUBLICAN LEADERS AGAIN MISLEAD AMERICA**  
***NEW BIPARTISAN CHIP BILL COVERS MORE UNINSURED***  
***CHILDREN, ADDRESSES GOP CONCERNS***

*The bipartisan CHIP legislation on the House Floor today was designed to clarify the previous CHIP bill in order to address the concerns expressed by some Republicans. Sen. Orrin Hatch (R-UT) and Sen. Charles Grassley (R-IA) worked with Democrats and some House Republicans to craft a bill that extends health care coverage to MORE uninsured low-income children than the previous CHIP bill, while clarifying that illegal immigrants will not receive benefits and childless adults will be phased out. **In their latest effort to mislead the American public, Republicans mis-used a Congressional Budget Office letter today to propagate myths about the bipartisan CHIP bill. The new CHIP bill:***

- 1) **COVERS MORE LOW-INCOME CHILDREN – NO “HIGH-INCOME” CHILDREN COVERED**
  - This new legislation does what Republicans requested – clarifying that the bill focuses on the lowest-income children FIRST. In order to do this, the new bill ONLY provides incentives to states for enrolling the lowest-income uninsured children who are eligible for Medicaid into that program.
  - As a result, in addition to the 6.6 million children whose CHIP coverage will be continued, the new bill will provide health insurance to 3.9 million currently uninsured children – 100,000 MORE children than the vetoed bill. 1.9 million of those children are from the lowest-income families who are eligible for Medicaid.
  - As a result of responding to Republican concerns, the bill costs slightly more (1% of overall CHIP spending) than the original because an additional 100,000 children will now be covered under Medicaid.
  - CBO says that some 1.1 million children will gain coverage as a result of CHIP and Medicaid expansions. Contrary to false claims, these children do NOT include “high income” children – they are limited to children with income below 300% of the federal poverty level and pregnant women.
  
- 2) **PROHIBITS BENEFITS TO ILLEGAL IMMIGRANTS – ANY COST INCREASE DUE TO INCREASE IN ELIGIBLE CHILDREN BEING COVERED**
  - The new CHIP bill strengthens provisions that prevent illegal immigrants from receiving benefits by requiring states to verify names, Social Security numbers, and citizenship. Republican’s misleading claim that giving states the flexibility they requested to determine citizenship (Section 211) will result in illegal immigrants receiving benefits and increased spending are false. In fact, no illegal immigrants will receive coverage under this bill, and all increased costs are due to an increase in ELIGIBLE American citizens receiving health care coverage. A CBO letter states that Section 211 will result “in an additional 500,000 enrollees in Medicaid in fiscal year 2008 and an additional 200,000 enrollees in subsequent years.”
  
- 3) **PHASES OUT CHILDLESS ADULTS – ANY ADULT COVERAGE IS LINKED TO COVERING CHILDREN**
  - Childless adults are phased out of CHIP over one year – FASTER than the original bill’s requirement of two years. Parents with children enrolled in CHIP could be covered under a separate program if states so choose – covering parents is critical to covering uninsured

children because studies show that denying coverage to parents reduces coverage of children as well.

4) **LOWERS “CROWD-OUT” AND WILL RESULT IN FEWER FAMILIES DROPPING PRIVATE INSURANCE THAN THE PRESIDENT’S TAX CREDIT PLAN**

- This new bill reduces the “crowd-out” (dropping of private insurance) of the vetoed bill by 100,000 children.
- As CBO Director Peter Orszag has stated, any effort to cover more uninsured will result in some level of “crowd-out.” He went on to say that this CHIP bill, with under a 33% crowd-out rate is “pretty much as good as it is going to get.” This is the most efficient plan; Republican plans, such as the President’s tax credit proposal, would have significantly more crowd-out. The new bill requires states to adopt best practices to limit the amount of crowd-out, and encourages states to use CHIP funds to enroll children in employer-sponsored health insurance if their family has access to it.