



Committee On Finance

Max Baucus, Chairman

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For Immediate Release
February 1, 2007

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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding “The Future of CHIP: Improving the Health of America’s Children”**

Today, we will survey the success of the State Children’s Health Insurance Program. It’s the program called CHIP. It’s the program that affects families like one in Helena, Montana.

A single mother from Helena learned that her son had epilepsy. She found out right after her son lost private insurance coverage. She checked into other insurance plans. But none would cover the expensive medications that her son needed. All those insurance plans considered her son’s epilepsy to be a pre-existing condition.

Then a friend told her about CHIP. She applied. And she found out that her son was eligible. Thanks to CHIP, this young man got the medications that he needed. And his mother got the peace of mind that she deserved.

This is just one story among millions. CHIP has helped millions of families over the past decade, in Montana and across the nation.

Since 1997, the share of American children without health insurance dropped by a fifth. For the poorest children, the uninsured rate has dropped by a third. CHIP has made a dramatic difference.

During this same decade, private health coverage has eroded. Today, nearly 47 million Americans lack basic health care insurance. Nine million of these Americans are children. CHIP’s success is thus even more significant.

It matters whether a child has health insurance. Children without insurance are five times more likely to have unmet medical needs or to delay necessary care. They do not have a usual place of care or a health provider who knows them. And they are half as likely to have had a well-child visit in a given year. Their health and development are at risk.

Lack of health insurance can affect school attendance. And it can impair a child’s ability to grow up healthy and ready to learn.

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Lack of health insurance coverage matters to all Americans. It can lead to crowded emergency rooms. It can strain access to care. And it can burden our safety-net health providers. When care is delayed, diseases that should be easily and cheaply treated become major medical crises.

Investing in children's health, by contrast, improves our public health. It lowers costs. And it will reap a healthy economy for tomorrow's workforce.

We applaud CHIP's accomplishments. But we cannot turn a blind eye to its shortcomings. Reauthorization will look at improvements in several key areas.

Today, three out of four of our nation's nine million uninsured children are eligible for either CHIP or Medicaid. But they are not enrolled. We must do a better job of covering all eligible children.

In recent years, my own state of Montana has experienced an increase in the number of uninsured children, despite recent expansions of the CHIP program. I am proud that Montana, led by Governor Schweitzer and the legislature, is moving towards further expanding eligibility for coverage. Montana is investing new state funds to pay for this expansion.

Still, 37,000 children — one in every six Montana children — are uninsured. Many of these children live on tribal lands. We must improve access to health coverage for uninsured children, including outreach and enrollment in Indian country.

Congress has simply not given CHIP enough funds to meet the current demand for services. Over the next five years, the program will need \$12 billion to \$15 billion in Federal funds just to maintain services for those now receiving coverage.

CHIP has also faced problems distributing funds effectively. Some state allotments were too small to cover children already enrolled. Other states routinely had far more than they needed.

In all, Congress intervened seven times in ten years to add or redistribute funds. We should improve and strengthen CHIP financing to provide a more secure future.

We can learn a great deal from what states have done well. Simplifying applications can make a big difference. So can making children eligible automatically, if they are already eligible for other programs, like school lunches. And so can providing continuous eligibility.

Some states have used their flexibility to expand coverage. Some states have included parents of CHIP and Medicaid children, pregnant women, and even childless adults. We will discuss CHIP expansions to these and other populations in today's hearing.

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When former CMS Administrator Mark McClellan testified before the Finance Subcommittee hearing in August, he strongly supported state efforts to expand coverage. He cited evidence that covering parents in CHIP actually increases access. And he said that it helped retain children in CHIP programs.

States now report voluntarily on four standard measures in CHIP. But we can do more. We should invest in measures to assess children's health. We must make sure that we are using the right ruler to measure quality for kids. We deserve good quality coverage for the dollars that we invest in CHIP. We need more data to make sure that we are getting it.

Both CHIP and Medicaid rely on safety net health care providers — hospitals, community health centers and sole practitioners — to deliver needed care. But budget cuts are trimming Medicaid, CHIP, and health-care providers. We need to ensure that the safety net remains in place.

We need more reliable financing information about these safety net programs and providers. Five years ago, the Institute of Medicine recommended that Congress adopt a safety net payment advisory commission — like MedPAC — for Medicaid. This idea is long overdue. I will press for it as part of reauthorization.

There is no greater priority for the Finance Committee in the health arena this year than CHIP reauthorization. Millions depend on this program. Millions more are eligible but not covered.

Together, we can increase coverage. And on this, as with all issues that come before this Committee, I hope to work closely with the Ranking Republican Member, Senator Grassley, and other Committee Members to craft a package with broad support. This hearing is the first step in that process. We build on the excellent record developed last year by the Health Subcommittee, led by Senators Hatch and Rockefeller.

We must act quickly to get this done within the fiscal year. I am proud that Senator Grassley and I were able to pass legislation last year to prevent states from running short of Federal funds early this year. But 14 states will run short of Federal funds this fiscal year if we do not reauthorize or enact new funding legislation by mid-May.

We plan to move quickly on reauthorization. I will hold a field hearing in Montana. We will convene Member forums and briefings. We hope to have a Committee bill ready for markup in spring. And we hope to have floor action and conference before September 30, when funds expire. Any new spending will have to be paid for.

As we begin our consideration of CHIP today, let us remember those uninsured children whom CHIP has not yet helped. Let us remember the moms whose sons have epilepsy and struggle to get coverage. And let us improve the health of America's children.

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