



Committee On Finance

Max Baucus, Chairman

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Grassley, Baucus Bill Language Redirects Money to Uninsured Kids

WASHINGTON -- Medicare legislation from Sens. Max Baucus and Chuck Grassley would prohibit the Department of Health and Human Services from allowing states to divert federal funds that are dedicated to children's health to instead cover childless adults.

"Senator Baucus and I agree that covering uninsured adults is an important public policy objective, but that doesn't justify the defiance of congressional intent," Grassley said. "The use of funds dedicated by Congress to low-income uninsured children on childless adults is an inappropriate implementation of the State Children's Health Insurance Program statute."

Baucus said, "We are sincerely committed to finding ways to help all uninsured Americans obtain health insurance coverage. But taking money away from low-income children who also need coverage is not the way to do it, especially when Congress has made it clear how the money should be spent."

Baucus and Grassley, the chairman and ranking member of the Finance Committee, included language in the Medicare reimbursement legislation they introduced yesterday that deals with the State Children's Health Insurance Program (SCHIP). The senators' language specifically prohibits the Health and Human Services Department from allowing states to cover childless adults with SCHIP funds. The provision would go into effect prospectively, so it wouldn't affect currently active waivers. The senators' language also sets up specific requirements for public input in the waiver approval process for both the states and Health and Human Services Department.

The action comes after the senators wrote to the Health and Human Services Department in August after receiving a General Accounting Office report "Recent HHS Approvals of Demonstration Waiver Projects Raise Concerns." The report says the Health and Human Services Department approved waivers allowing four states to use SCHIP and Medicaid funds either in ways inconsistent with federal law or in ways that might put the federal budget or the state's Medicaid program at risk. The report also found that HHS did not follow its own guidelines to let the public know that major changes were being considered for Medicaid or SCHIP programs seeking waivers.

Grassley and Baucus then said they were concerned that these practices divert money from its intended use. States provide health care coverage to about 40 million low-income uninsured adults and children, largely through SCHIP and Medicaid, two federal-state programs. Congress intended SCHIP funds to provide health coverage for children. HHS officials responded that they are serving the uninsured population with their creative use of waivers and intend to continue approving waivers using SCHIP funds on populations other than children.