

## Dingell Responds to Statement of Administration Policy

Rep. John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce, today issued the following responses to the Statement of Administration Policy issued by the White House on H.R. 3963, the Children's Health Insurance Program (CHIP) Reauthorization Act of 2007.

NEWS RELEASE  
Committee on Energy and Commerce

Rep. John D. Dingell, Chairman

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Contact: Brin Frazier, 202-225-5735

### Dingell Responds to Statement of Administration Policy

Washington, DC — Rep. John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce, today issued the following responses to the Statement of Administration Policy issued by the White House on H.R. 3963, the Children's Health Insurance Program (CHIP) Reauthorization Act of 2007.

The Administration argues that the bill continues to allow States to expand coverage without assuring poor children have coverage first.

Response:

- The bill provides bonus payments to States that increase coverage of only the poorest children -- those enrolled in Medicaid.
- Unlike the President's proposal, this bill actually provides incentives and tools for States to enroll the poorest children who are already eligible but uninsured.
- The bill prohibits States from receiving Federal money to cover children in families with annual incomes above \$51,510.

The Administration argues that the bill continues to provide coverage for some adults through 2012.

Response:

- There will be NO childless adults covered under CHIP after December 2008.
- By 2010, waivers covering parents would be paid from a separate fund. Only States that perform well on covering low-income children will be able to continue covering parents at reduced funding levels.
- Completely removing parents from coverage is counterproductive because we know that covering parents increases coverage of kids. CBO has indicated that for every 3 or 4 uninsured parents, there are 1 or 2 eligible children who are also uninsured.

The Administration argues that the bill continues to allow the use of income "disregards" to increase eligibility levels.

Response:

- The bill prohibits States from receiving Federal funding if they exempt entire portions of income to go to families with annual incomes above \$51,510.
- The bill maintains long-standing flexibility to allow States to exempt certain expenses such as child care and child support, recognizing that this income is not available for a family to spend on health coverage.
- By allowing States to exempt these costs helps to ensure that low-income working families can pay for necessary services so they can work. This keeps families from resorting to welfare to get health care for their children.

The Administration argues the bill continues to move children from private health insurance to government programs.

Response:

- As CBO Director Peter Orszag noted, every plan to reduce the number of uninsured will cause some substitution of

private coverage.

- H.R. 3963 reduces substitution of coverage more than other proposals.
- H.R. 3963 creates significantly less substitution of coverage than the President's tax credit and deduction proposals from last year, where only one out of four persons covered would be a person previously uninsured (77% crowd-out compared to 33% under H.R. 3963).
- If H.R. 3963 had the same crowd-out rate as the President's proposal, 4.5 million children &ndash; rather than 2.0 million children &ndash; who would be covered would have already been enrolled in private insurance; this means very little gains in coverage of the uninsured.
- H.R. 3963 includes provisions to encourage States to help parents enroll children in employer coverage when it is available.

The Administration argues the bill provides insufficient safeguards to assure that funds will not be spent on ineligible individuals, such as illegal aliens.

Response:

- H.R. 3963 applies all enforcement procedures in title XI, XIX, and XXI of the Social Security Act.
- If Federal funds are spent on ineligible individuals, the Centers for Medicare and Medicaid Services has the authority to recoup every single penny improperly spent from States.

The Administration argues that the bill costs more than the earlier bill, notwithstanding supposed improvements.

Response:

- The bill costs more than the earlier bill because more of the funding is directed to bonus payments for States that succeed in enrolling the lowest-income uninsured children.

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Prepared by the Committee on Energy and Commerce

2125 Rayburn House Office Building, Washington, DC 20515