

Senate, House Announce Agreement to Renew, Improve Children's Health Insurance Program Now

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NEWS RELEASE

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SENATE, HOUSE ANNOUNCE AGREEMENT TO

RENEW, IMPROVE CHILDREN'S HEALTH

INSURANCE PROGRAM NOW

Bipartisan, Bicameral Coalition Ready to Move on Full Reauthorization of Vital Program

Washington, D.C. — A bipartisan coalition of Senate and House leaders today announced a bicameral agreement to reauthorize the Children's Health Insurance Program (CHIP) for an additional five years. CHIP provides health coverage to American children whose parents do not qualify for Medicaid, but can't afford private insurance. The \$35 billion agreement struck by House and Senate negotiators will bring health coverage to approximately ten million children in need — preserving coverage for all 6.6 million children currently covered by CHIP, and reaching millions more low-income, uninsured American children in the next five years.

Below is an outline of the agreement, which is designed to target specifically the lowest-income uninsured American children for outreach and enrollment. The agreement does not call for CHIP coverage for children in families at higher income levels. Instead, it reduces Federal matching funds for future coverage of children at higher income levels, and

provides incentives to cover the lowest-income children instead. CHIP coverage of childless adults and parents will be phased out to maintain the program's focus on kids.

Investing \$35 Billion in New Funding for CHIP. The agreement reauthorizes the Children's Health Insurance Program, investing an additional \$35 billion over five years to strengthen CHIP's financing, increase health insurance coverage for low-income children, and improve the quality of health care children receive.

Lowering the Rate of Uninsured Low-Income Children. The agreement will provide health coverage to millions of low-income children who are currently uninsured. The bill also ensures that the 6.6 million children who currently participate in CHIP continue to receive health coverage. Pending final Congressional Budget Office estimates, the reduction in the number of uninsured children will approach four million children.

Improving Access to Benefits for Children (Dental Coverage/Mental Health Parity/EPSDT). Under the agreement, quality dental coverage will be provided to all children enrolled in CHIP. The agreement also ensures states will offer mental health services on par with medical and surgical benefits covered under CHIP, and protects medically necessary benefits (EPSDT) for low-income children.

Prioritizing Children's Coverage. The agreement makes several modifications as it relates to populations eligible for CHIP.

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Pregnant Women: The agreement provides coverage to pregnant women as a new state option as well as preserving the options to cover them through a state waiver or through regulation.

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Parents: The agreement prohibits any new waivers to cover parents in the CHIP program. States that have received waivers to cover low-income parents under CHIP will be allowed to transition parents into a separate block grant. The federal match for services to parents covered through CHIP will be reduced.

- **Childless Adults:** The agreement retains the current law prohibition of waivers to allow coverage of childless adults. Currently covered childless adults will transition off CHIP. For states that have received CHIP waivers to cover childless adults, the agreement terminates those waivers after a one-year period, provides temporary Medicaid funding for already-enrolled adults, and allows states to apply for a Medicaid waiver for coverage.

Providing States With Incentives to Lower the Rate of Uninsured Low-Income Children. Under the financing structure, states will receive state-based allotments that are responsive to state demographic and national spending trends and allow additional up-front funding for states planning improvements. States that face a funding shortfall and meet enrollment goals will receive an adjustment payment to ensure that no child who is eligible for Medicaid or CHIP is

denied coverage or placed on a waiting list. The formula also sets in place new overall caps on federal funding to ensure the program's expenditures do not exceed the amounts authorized. The agreement provides incentives for states to lower the rate uninsured children by enrolling eligible children in CHIP or Medicaid.

Agreement Replaces CMS August 17th Letter to States. The Congress agrees with the President on the importance of covering low-income children have health coverage while taking steps to address crowd-out and prioritize coverage of lower income children. The agreement replaces the flawed CMS August 17th letter to states with a more thoughtful and appropriate approach. In place of the CMS letter, the agreement gives states time and assistance in developing and implementing best practices to address crowd out. The agreement also puts the lowest income children first in line by phasing in a new requirement for coverage of low-income children as a condition of receiving CHIP funding for coverage of children above 300 percent of the poverty level.

Improving Outreach Tools to Simplify and Streamline Enrollment of Eligible Children. The agreement provides \$100 million in grants for new outreach activities to states, local governments, schools, community-based organizations, safety-net providers and others.

Improving the Quality of Health Care for Low-Income Children. The agreement establishes a new quality child health initiative to develop and implement quality measures and improve state reporting of quality data.

Improving Access to Private Coverage Options. The agreement expands on current premium assistance options for states. The agreement allows states to offer a premium assistance subsidy for qualified, cost-effective employer-sponsored coverage to children eligible for CHIP and who have access to such coverage. It also changes the federal rules governing employer-sponsored insurance to make it easier for states and employers to offer premium assistance programs.

Legislative language is currently being finalized, and will be available Monday. The House of Representatives will likely vote on legislation implementing this agreement on Tuesday of next week. The Senate will take up the measure shortly thereafter, to deliver a full renewal of the Children's Health Insurance Program to the President for signature into law before CHIP's current authorization expires on September 30.

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Supporting the Bipartisan Agreement to Improve the Children's Health Insurance Program

Congressional leaders have reached a bipartisan, bicameral agreement to renew and improve the Children's Health Insurance Program. Today, they called for continued cooperation across the Congress to pass the legislation, and urged President Bush to drop his threat to veto health care coverage for approximately ten million American kids.

House Speaker Nancy Pelosi (D-Calif.): "President Bush should support the bipartisan Children's Health Insurance Program legislation for 10 million reasons — the 10 million children who will receive health care coverage should this bill become law. It is a bipartisan compromise that cares for our children, helps millions of families struggling to make ends meet and is fully paid for — no new deficit spending. It is just the latest piece of bipartisan legislation that we have sent to the President that addresses key national priorities in a fiscally responsible way. The CHIP bill is endorsed by a coalition of 270 groups, from the AARP to the YMCA, and governors and state legislators from both parties across the country. It is supported by the vast majority of the American people because it honors

fundamental American values. We are hopeful that the President will reconsider his veto threat and sign this bill into law on behalf of all our nation's children.

Senate Majority Leader Harry Reid (D-Nev.): "This announcement is a victory for America's children. In its ten years, the Children's Health Insurance Program has helped millions of kids, and this bipartisan deal will build on that success, helping millions more. I commend House leadership and the committees in both chambers for their tireless commitment to improving the lives of America's children."

Senate Finance Committee Chairman Max Baucus (D-Mont.): "Right now, millions of children in America's working families can't see doctors when they should, can't get medicines when they need them, because their parents just can't afford costly private insurance. This bill will give millions of needy children the chance for good health through the Children's Health Insurance Program. We've put the lowest-income kids at the head of the line, targeting kids who are already eligible for CHIP, and we've strengthened CHIP's focus on children's coverage. Before the President makes another veto threat, he needs to look beyond politics and see the faces of the children who have no hope of health coverage without the additional funds in this bill."

Senate Finance Ranking Republican Chuck Grassley (R-Iowa): "This legislation will get the Children's Health Insurance Program back on track and reclaim precious resources for low-income kids. It breaks the legislative impasse and should have strong support from both Democrats and Republicans. The bill will enable the Children's Health Insurance Program to help cover millions more low-income uninsured children. As far as the size of the package, it's important to understand that about half of the new money is needed just to keep the program running, and the rest goes to cover more low-income kids. The bill is written to safeguard those dollars. It phases adults out of the program and tamps down on states covering higher income kids. It also works to help families to afford employer coverage."

As part of the compromise between the Senate and the House, House leaders have agreed to put aside Medicare for the time being so we can focus on getting health insurance to children. There are important Medicare issues that need to be addressed before the end of the year, including the update for Medicare payments to physicians. I expect the Senate to start work on Medicare very soon, and I look forward to working with Chairman Baucus and members of the Finance Committee to get the work done."

House Ways and Means Chairman Charles Rangel (D-N.Y.): "This bill is a reasonable and compassionate agreement that represents a major victory for America's neediest children. It is unfortunate President Bush intends to use his veto to deny quality health care to some of our most vulnerable citizens. I hope my Republican colleagues in Congress will oppose the president's ill-conceived action so we can deliver a big win for the children of this great nation."

House Energy and Commerce Chairman John Dingell (D-Mich.): "This is the product of a strong, bipartisan agreement and a shared commitment to taking care of America's children. I call on the Bush Administration to support this proposal, to work with Congress to reauthorize CHIP, and to help us protect the health of more than 10 million children."

Senate Finance Health Subcommittee Chairman Jay Rockefeller (D-W.V.): "I am proud we were able to put aside our partisan differences to do what's right by our nation's children. Now, millions more kids will be able to see a doctor, and have access to life-saving medication, preventative screenings and basic medical care. Congress is

absolutely committed to sending a bill to the President before September 30. The fate of these children is now his moral responsibility. It's incomprehensible to me that the President would walk away from low-income children who need health insurance. I hope he makes the right choice.

Senate Finance Health Subcommittee Ranking Republican Orrin Hatch (R-Utah): "I have been fighting for legislation that will not only continue the CHIP program, but also cover more low-income kids who are eligible for CHIP. Today, we are unveiling our bipartisan compromise that accomplishes those two very important goals. Our proposal is an honest compromise which improves a program that works for America's low-income children.

"That said, I am very sympathetic to what the President is saying about that CHIP, which has worked so well, should not become a big, one-size-fits-all government program. I am hoping that he will work with us on this program because this is a true compromise within the Senate between Democrats and Republicans, and between the House and the Senate.

House Energy and Commerce Health Subcommittee Chairman Frank Pallone (D-N.J.): "Today, Democrats and Republicans came together to announce a plan that will provide quality health care coverage to ten million low-income children in our nation. Since its creation, CHIP has helped reduce the number of children living without health care coverage, but over the last two years those numbers actually increased. Today's bipartisan agreement strengthens CHIP so that we can reverse this troubling trend by reaching out to more kids who are already eligible for the program. I hope President Bush takes a serious look at this agreement and reconsiders his veto threat so he does not turn his back on ten million children.

Rep. Ray LaHood (R-Ill.): "This is a good bipartisan compromise to help the millions of uninsured children in our country. Whatever financial strains a family may endure, it should have no impact on the type and quality of care their child receives for health related matters. I support this bill and will encourage my Republican colleagues to do the same.

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Prepared by the Committee on Energy and Commerce

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