

FOR IMMEDIATE RELEASE
August 2, 2007

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**BILL SUMMARY AND FACT SHEETS ATTACHED

**REMARKS OF SENATOR EDWARD M. KENNEDY JOINS FAITH LEADERS IN SUPPORT
OF THE CHILDREN'S HEALTH INSURANCE PROGRAM**

(As Prepared for Delivery)

Psalms teach us that true leaders should "defend the afflicted among the people and save the children of the needy." (Psalm 72:4)

What says more about our character as a nation than how we care for the children of this country?

What says more about our morality than the way we ensure that each and every child can make the most of their God-given talents?

And what says more about our priorities than a Congress that puts resources towards a program for kids that saves lives and gives a healthy start to our children?

Today, there are still 9 million children without health insurance. That's not just wrong, it's outrageous – it is immoral.

All children deserve a healthy start in life, and all parents deserve the peace of mind that they can take their child to the doctor if they're sick

When children get the care they need, they do better academically, emotionally, physically and socially—this is an investment in their futures

Quality health care for children isn't just a nice idea. It's not something we wish we could do. It's something we have to do and something we can do.

In the Bible, Luke writes that when children gathered around Jesus to receive his care his disciples tried to shoo them away.

But Jesus called the children to him and said, "Let the little children come to me, and do not hinder them, for the kingdom of God belongs to such as these." [Luke 18]

The children of America need our care. They need our compassion. They need us to not shortchange their dreams but instead to give them the chance in life they deserve.

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BILL SUMMARY

Coverage

The bill will cover 4.0 million children who would otherwise be uninsured. The 4 million who will be enrolled in either Medicaid or CHIP includes 800,000 children who are currently enrolled

in CHIP but would lose coverage because of funding shortfalls, 2.7 million currently eligible but unenrolled children, and 600,000 newly eligible children. An additional 2.1 million children who currently have private coverage would enroll in CHIP ("crowd-out effect"), for a total of 6.1 million new enrollees, reducing the number of uninsured children by more than one-third.

Allocations

CHIP funds will be better targeted by changing factors that go into determining state allotments. State allocations will be based primarily on past CHIP spending in each state, with some flexibility to anticipate future need. The bill includes a contingency fund for states facing shortfalls, including those due to unforeseen circumstances, economic downturns, or emergencies.

Financing

The bill provides an additional \$35 billion in funds. Along with the \$25 billion in baseline funding, \$60 billion will be available over the next five years. While this is less than the \$50 billion in the budget resolution, it will provide enough funds to reach about 4 million new children. The bill includes incentive payments to states through bonus payments to encourage states to enroll more eligible children. The bill is fully compliant with pay-go, with a 61 cent increase in the existing tobacco tax funding the CHIP increase.

Eligibility

The bill eliminates coverage for childless adults within two years, with states having the option of transitioning these adults to their Medicaid program. States will be unable to apply for waivers in future to cover parents, and states that currently cover parents will get reduced match rate between the current Medicaid match and the enhanced CHIP match. States will have an additional option to cover pregnant women at state option without having to apply for a waiver.

Income levels

States will be allowed to set income levels for children up to 300% of poverty. If states want to cover children at higher income levels, they will receive the lower Medicaid match rather than the enhanced CHIP match.

Benefits

The bill will apply your mental health parity language to the CHIP program. It also includes \$200 million in state grants for dental coverage. We tried to get a mandate for dental coverage in the bill but were not able. While all states currently provide dental coverage, it is often the first thing dropped when states face fiscal downturns.

Outreach and Enrollment

The bill provides an additional \$100 million in new grants to fund outreach and enrollment. This will include a national campaign to raise awareness of CHIP, along with more targeted local campaigns, and campaigns aimed at children in rural areas and racial and ethnic minority children, including Native Americans. The bill also includes \$49 million in demonstration funds to allow up to 10 states to implement "express lane" enrollment.

Citizenship Documentation

While the bill extends citizenship documentation requirements to CHIP (they currently only apply to Medicaid), the bill allows states new options under Medicaid and CHIP that are much less onerous than the current requirements. States will be able to meet the documentation requirements by submitting social security numbers, and will no longer have to submit original birth certificates or passports.

Quality

The bill requires HHS to develop quality measures and funds demonstration programs to improve quality and encourage the development of electronic health records for Medicaid and CHIP.

Premium Assistance

The bill allows some additional flexibility for states to offer subsidies to qualified, cost-effective employer-sponsored coverage.

KEY FACTS

- The Children's Health Insurance Program was enacted as part of the Balanced Budget Act of 1997, with \$40 billion appropriated over the 10 year authorization period.
- CHIP currently covers about 6 million children throughout the course of the year, with about 4 million children enrolled at any point in time.
- About 9 million children remain uninsured. About 6 million of these uninsured children are eligible for Medicaid or CHIP but unenrolled.
- \$12 to \$15 billion is needed over the next five years beyond the \$5 billion per year in the baseline to maintain the existing level of CHIP coverage. About \$50 to \$60 billion is needed beyond the baseline spending over the next 5 years to provide sufficient funding to cover eligible but unenrolled children.
- The President's budget would provide only \$4.8 in new funding over the next five years—approximately \$8 billion less than what is needed to keep current children covered.
- Fourteen states (including Massachusetts) are projected to face shortfalls this year totaling \$744 million. Georgia is the first state expected to face a shortfall and they have announced they will stop enrolling children on March 11.
- Before CHIP was enacted in 1997, about 23% of children were uninsured. Today, that number has dropped to about 15.6%.
- 27 and the District of Columbia cover children up to 200% of poverty;

8 states do not cover children to at least 200% of poverty;
15 states cover children at incomes above 200% of poverty

- The average federal match for CHIP is 70% compared to 57% for Medicaid
- 10 states have waivers to cover parents through CHIP, 7 states cover pregnant women, and 5 states cover childless adults.
- Adults make up about 10% of all CHIP enrollees. States are no longer allowed to cover childless adults through CHIP, although the states that already do so can continue to cover them.

CHIP FACT SHEET

- CHIP currently covers about 6 million children throughout the course of the year, with about 4 million children enrolled at any point in time.
- About 9 million children remain uninsured. About 6 million of these uninsured children are eligible for Medicaid or CHIP, but unenrolled.
- Before CHIP was enacted in 1997, about 23% of children were uninsured. Today, that number has dropped to about 15.6%.
- Significant declines in infant mortality (8.5%) and childhood deaths (5.1%), as well as reductions in low birth weight (7.8%), have been attributed directly to expansions in eligibility for Medicaid and CHIP.¹
- Studies of CHIP's impact have found an association between enrollment in the program and improved school performance among low-income children. Improvements include increased school attendance, greater ability to pay attention in class, and increased ability to participate in school and normal childhood activities.¹
- 27 states and the District of Columbia cover children up to 200% of poverty; 8 states do not cover children to at least 200% of poverty; 15 states cover children at incomes above 200% of poverty (\$40,000 for a family of four in 2007)

Massachusetts CHIP

- Massachusetts currently covers 162, 679 children and 4,909 pregnant women under CHIP.
- Massachusetts utilized a combination program consisting of both a Medicaid expansion program and a separate program to cover children with higher incomes.
- Under the recent Massachusetts Health Reform package, the Massachusetts SCHIP program has increased coverage for children up to 300% of the Federal Poverty Level.
- Massachusetts is one of 14 states facing a shortfall in 2007. Massachusetts will have a remaining shortfall of \$87.7 million starting on May 4 if Congress does not step in.

Financial Impacts of CHIP

- A recent study in Pediatrics found that a 10% decrease in CHIP enrollment would cost \$3.4 million in additional health expenses, or \$2121 for each child disenrolled. This increase in costs is due to shifting care into emergency rooms and hospitalizations.
- CHIP or Medicaid health benefits provide greater access to preventive and well-child care. 75% of children in CHIP accessed well child or preventive care in 2005, while only 47% of the uninsured were able to do so.
- Children in CHIP for a full year are more likely to access preventive care than children of the same income with private insurance.
- Only 3% of children in CHIP have no regular source of health care, while 28% of uninsured children no regular source of health care. Research suggests that having a regular source of health care can improve quality of care.
- Enrollment in CHIP helps families to manage asthma. A New York study found children with asthma enrolled in SCHIP experienced fewer asthma attacks and had fewer hospitalizations than the uninsured.
- CHIP enrollment has been found to improve children's performance in school. Children in CHIP have higher rates of attendance and are more likely to pay attention in class.
- With regard to dental insurance, children who receive preventive care by age 1 have dental costs 40% lower than those who do not. The costs of treating acute dental conditions are ten times lower in dental offices than in emergency rooms.