



Committee On Finance

Max Baucus, Ranking Member

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**Statement of Senator Max Baucus
“CHIP at 10 – A Decade of Covering Children”
U.S. Senate Finance Subcommittee on Health**

In 1997, our Nation took a giant step to improve the health of America’s children: We enacted the State Children’s Health Insurance Program, or CHIP. CHIP has been a great success. Millions of uninsured children have received health coverage. Access to critical health services has improved. The number of uninsured children has dropped, from 15 percent of all children in 1997 to 11 percent of all children in 2004. Building on Medicaid as a foundation, CHIP is providing comprehensive health coverage for more than six million children. We must maintain these achievements as we look to reauthorizing CHIP.

But we cannot overlook the challenges that CHIP has faced. Funding shortfalls have plagued the program and threaten to erode access to coverage. Despite substantial improvements in coverage, 8.3 million children remain uninsured. Three-quarters of these children are eligible for CHIP or Medicaid, but not enrolled. We have to do better.

CHIP has brought enormous benefits to Montana’s children. Nearly 14,000 children who would have been uninsured now have access to care, thanks to CHIP. And I am proud that Montana is making new improvements to CHIP. Just this month, the Secretary of Health and Human Services approved Montana’s plan to expand the number of children enrolled and simplify the eligibility rules. This will enable the state to make it even easier to enroll more children.

Montana is also taking great strides to increase CHIP enrollment in Indian Country. The state is implementing a bold new outreach program to improve awareness and understanding of CHIP on or near reservations.

Even with these successes, Montana struggles with the same issues other states are facing. We still have about 15,000 children who are uninsured and eligible for CHIP, but not enrolled. We have had waiting lists of children eligible for CHIP, but not covered due to the program’s financial constraints. Montana would like to expand eligibility for coverage. But Federal funding shortfalls keep the state from investing in an expansion, as Montana has a justifiable concern that Federal CHIP funds would run out sooner.

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CHIP is a great program. But we can still do better. CHIP already measures quality. But we can do a better job of evaluating and improving quality. We should establish and implement better quality measures for CHIP to make the most of our Federal investment to improve the health of low-income children.

We can also do a better job of meeting our financial commitments and ensuring that the program can grow with the needs of uninsured children. Current funding may not be enough to meet the demand. According to recent reports, keeping Federal funding at its current level would result in a Federal funding shortfall of \$10 billion to \$12 billion by 2012. We may well need to look at additional Federal funds in the reauthorization process.

As we consider CHIP's needs, we cannot overlook its vital connection to Medicaid. CHIP's success has been built on Medicaid's foundation. Thirty-eight states provide CHIP coverage through some form of Medicaid expansion program. CHIP depends on Medicaid's viability. Medicaid covers the most-expensive, highest-need children, allowing CHIP to cover other children more affordably. And Medicaid has provided a backstop for funding for many CHIP programs, helping to make the financing of coverage more predictable for states. As we consider more funding to meet CHIP's demand over the next ten years, we will naturally look for places to find the money. Medicaid cuts are not the answer.

I welcome the opportunity to take a closer look at CHIP today after a decade of experience. This hearing provides the first opportunity for the Finance Committee to evaluate our experience with CHIP in advance of its reauthorization next year. But I know that this hearing is only the first of many opportunities to look at these issues. Given CHIP's strong bipartisan roots, I am glad to see that tradition of bipartisanship continuing with the work of the Chair and Ranking Member of the Subcommittee in holding this hearing.

Ten years down the road, CHIP has paved a great path for our nation's children. I look forward to seeing CHIP continue to pave the way to improved health coverage for millions more children, in the years to come.

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