

# *U.S. Senate Committee on Finance*

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## **GRASSLEY, BAUCUS STRIKE DEAL TO COVER SHORTFALLS IN STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

*Legislation will keep six states from running out of funds to cover kids in early 2007*

*Washington, DC* – U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.) announced today that legislation passed by the adjourning 110<sup>th</sup> Congress will prevent early 2007 shortfalls for the State Children's Health Insurance Program (SCHIP). SCHIP provides health insurance to more than four million children every year in low-income families across the country. The legislation, negotiated in the final hours of the Congress by Grassley and Baucus, mirrors an element of the Senate "extenders" legislation the two introduced on Wednesday of this week. Unspent SCHIP funds from Fiscal Year 2004 and 2005 will be redistributed to states expected to run out of SCHIP funds in the new year. The redistributed funds should defer shortfalls in those states' SCHIP programs through early May, 2007. Both chambers of Congress approved the bill early this morning, and it will now move to the White House for signature.

Senator Grassley, Chairman of the Senate Finance Committee, said, **"The legislation that the Senate passed this evening adopts important principles from the legislation I introduced earlier this year, the FAIR-SCHIP bill. I think it is important that as we prepare to reauthorize the State Children's Health Insurance Program to put children first."**

**"Funding shortfalls for SCHIP have real consequences. When SCHIP runs out of money, children and expectant mothers go without the health care they need and deserve. It was our responsibility to those mothers and children to find some solution, even a temporary one, to keep their health coverage from going away,"** said Baucus. **"I'm glad Senator Grassley and I were able to work together and make this happen. I know we'll bring the same bipartisan dedication to health care for America's children to the SCHIP reauthorization effort next year."**

The Grassley-Baucus bill will provide a Medicaid funding match to states that have expanded SCHIP to cover individuals other than children and pregnant women. Also under the bill, a number of states that had expanded Medicaid eligibility to cover more children before SCHIP was created in 1997 will be allowed to use up to 20 percent of their Fiscal Year 2006 and Fiscal Year 2007 SCHIP allotments to fund coverage for Medicaid children. That provision is an extension of an element of the Deficit Reduction Act of 2005, enacted in February of this year.

Grassley and Baucus are Chairman and Ranking Democrat, respectively, of the Senate Finance Committee. The committee will begin work to reauthorize the SCHIP program in 2007.

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