



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

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Grassley Introduces Bill to Help States Fund Health Care for Low-income Children

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today introduced legislation to help states fund their health care programs for low-income children. Grassley’s bill has two parts to help states meet their shortfall for the 2007 fiscal year only: An appropriation of new funds and a redistribution of some unspent money from states running a surplus to those expected to run out of money. The redistribution would apply for a limited time – only half of the 2007 fiscal year.

Grassley’s floor statement on the introduction and a bill summary follow here.

Statement of Chairman Charles E. Grassley

Introduction of the “Fiscal Accountability, Integrity and Responsibility in SCHIP Act”

September 28, 2006

Mr. President, I am pleased to introduce the “Fiscal Accountability, Integrity and Responsibility in SCHIP” or FAIR-SCHIP Act. I am pleased to be joined in this effort by Senator Johnny Isakson (R-GA), Senator Saxby Chambliss (R-GA), Senator Richard Burr (R-NC) and Senator Lisa Murkowski (R-AK). This legislation is a targeted one-year approach to addressing a looming problem in the SCHIP program.

Mr. President, according to estimates prepared by the Congressional Research Service, as many as 17 states will run out of SCHIP funds in 2007. Several states will run shortfalls in the hundreds of millions of dollars. These shortfalls will result in states having to limit the coverage available to low-income children. These shortfalls are deep and they will get deeper.

One of my principal objectives in the 110th Congress will be to reauthorize the SCHIP program. There are a number of compelling issues associated with the SCHIP program that will require thoughtful review and discussion by Members of Congress.

Reauthorization will not be easy. Legislating on an issue as complex and sensitive as children’s health care is never easy. However, if the Congress does not act to address some of these policies as well as the SCHIP formula, one thing is certain: the current state entitlement is not sufficient, in the long term, to cover the costs of maintaining the current level of coverage provided by the states.

I am aware of legislation introduced in the Senate and the House that would simply appropriate

additional funds to cover the SCHIP shortfalls. This is not a viable option.

If the Congress perpetuates a scenario where the SCHIP funding formula is not improved and other programmatic changes are not enacted, yet state SCHIP shortfalls are covered year after year, there will be no practical difference between SCHIP, which is a capped allotment, and Medicaid, which is an open-ended entitlement.

I do not believe there is majority support for turning the SCHIP program into an entitlement program. I am concerned what going down a path that essentially does treat SCHIP as a de facto entitlement program means for the long-standing viability of SCHIP.

Therefore, the approach envisioned in FAIR-SCHIP takes a balanced, moderate approach to addressing this issue.

FAIR-SCHIP recognizes that additional resources will be needed if states are to be able to continue to provide the current level of coverage for children.

FAIR-SCHIP also recognizes that funding under the SCHIP programs can be more equitably distributed.

FAIR-SCHIP takes a moderate, balanced approach by appropriating approximately half of the estimated FY 07 shortfall.

FAIR-SCHIP also includes a modest redistribution scenario that would occur in the second half of the fiscal year and only affect the 05 allotments of states which have a 200% surplus of SCHIP funds, relative to their projected 07 spending.

FAIR-SCHIP is a fiscally sound, responsible approach to the issue of SCHIP shortfalls that will position the Congress to achieve important programmatic improvements in the 110th Congress, when the SCHIP program will need to be reauthorized.

I hope my colleagues will support the approach envisioned by FAIR-SCHIP. I thank the chair and yield the floor.

**Summary of the “Fiscal Accountability, Integrity and Responsibility in SCHIP Act of 2006” --
“FAIR-SCHIP”**

In Fiscal Year 2007, as many as 17 states are projected to experience a shortfall in their State Children’s Health Insurance Program of approximately \$900 million dollars.

According to estimates from the Centers for Medicare and Medicaid Services, a number of states have SCHIP funds available to them that far exceed their projected spending.

FAIR-SCHIP recognizes that additional resources may be needed for states to continue to provide the current level of coverage for children.

FAIR-SCHIP also recognizes that funding under the SCHIP programs can be more equitably

distributed.

FAIR-SCHIP takes a moderate, balanced approach by appropriating approximately half of the estimated FY 07 shortfall.

To address the remaining shortfall, FAIR-SCHIP better targets existing funds by redistributing SCHIP surpluses from states whose SCHIP balances greatly exceed their projected spending and directing these surpluses to states that have run out of SCHIP funds.

FAIR-SCHIP is a fiscally sound, responsible approach to the issue of SCHIP shortfalls that will position the Congress to achieve important programmatic improvements in the 110th Congress, when the SCHIP program will need to be reauthorized.