

**Statement of
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**The United States Senate Committee on Finance
Subcommittee on Health**

“The CHIP Program: From the States’ Perspective”

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Good Afternoon, I am Ann Clemency Kohler, the Director of New Jersey’s Division of Medical Assistance and Health Services. It is this Division that administers New Jersey’s Medicaid and SCHIP programs for the New Jersey Department of Human Services.

I want to thank Chairman Hatch, Ranking Member Rockefeller, and the members of the subcommittee for the opportunity to talk to you about the importance of the SCHIP program across the nation and in New Jersey in providing much needed health care coverage to children and families. As Chairman of the National Governors Association’s (NGA) Health and Human Services Committee, Governor Corzine considers SCHIP reauthorization to be his highest priority for the Committee and looks forward to working through the

NGA with Congress and the Administration on a bipartisan basis to expand this program's impressive list of successes into the future.

New Jersey implemented its SCHIP program in January 1998 and called it NJ KidCare. The program was met with great anticipation and excitement over the prospect of providing health insurance to thousands of uninsured children in New Jersey.

The KidCare program was successful and through it we learned more about the uninsured population in New Jersey and how great the need was to provide health care to children and their parents. We learned that there is increased participation among eligible children when parents are made eligible for health care coverage. We know that providing health care coverage to pregnant women leads to healthier babies and moms.

And so in September 2000, a decision was made to cover parents and adults up to 200% of the federal poverty level and the program was re-named NJ FamilyCare.

Within a few years, budgetary constraints caused New Jersey to close the program to single adults and parents. In September 2005, we were able to again make FamilyCare available to uninsured low-income parents and guardians with children who are 18 or younger.

We now provide health insurance coverage to over 125,000 New Jersey children and over 70,000 adults through our SCHIP program.

In addition, we cover over 450,000 children and close to 350,000 adults through our “Medicaid” program. As a result, New Jersey provides health insurance coverage to over one million adults and children.

While New Jersey uses a higher percentage of the federal poverty level for eligibility for its SCHIP program than all other states, we also have one of the highest costs of living in the nation. Simply put, it costs far more to be poor in New Jersey than in almost all other states. We have no choice but to use a generous eligibility income level in order to reach those truly needy children and families with low median income levels.

New Jersey greatly appreciates the opportunities that the SCHIP program provides states. Through our SCHIP program, we have been able to provide health insurance to the most vulnerable population in our state.....our children.

New Jersey has made a strong commitment to the SCHIP program. This commitment is evident in the generous benefits package that we offer, our attention to simplifying the application process and the intense outreach efforts we have undertaken. The prospect of limiting or, at worse, eliminating our SCHIP program is of serious concern to us.

New Jersey has historically spent its entire annual SCHIP allotment and has been eligible for SCHIP funds not used by other states. As

you know, these reallocated funds have been diminishing over the years and now there is an urgent need for Congress to increase annual allocations to states to meet the ever-growing national need for health care insurance.

While we recognize there are long-term SCHIP financing and policy issues to consider as we move toward reauthorization of the program, action is needed now to prevent funding shortfalls in fiscal year 2007. I would like to include with my testimony for the record a letter from NGA on behalf of all the nation's governors urging action to address these shortfalls before the end of the 109th Congress. Failure to fund these shortfalls will cause some states to reduce or cease health care coverage for children. We cannot allow that to happen. Both Medicaid and SCHIP have been successful and efficient in expanding coverage to children. By promoting the continued success of these programs, we can help to ensure that children and families get the health care that they need.

Thank you, again, for your interest in this urgent issue. Providing health care to our children and their families is something that is a priority in New Jersey and must be a priority for the nation. I hope that my remarks here today will help fashion an action plan to provide continued support for our nation's SCHIP program.