

United States Senate
Committee on Finance
Washington, D.C. 20510

MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, for Sen. Grassley, 202/224-1308
Jared Whitley, for Sen. Hatch, 202/224-0134
RE: SCHIP debate
DA: Thursday, July 12, 2007

Sens. Chuck Grassley and Orrin Hatch issued the joint statement below regarding reports of the Bush Administration's plans to recommend a veto of SCHIP reauthorization legislation that may be considered by the Senate Committee on Finance. Sen. Grassley is Ranking Member of the Committee and Sen. Hatch is Ranking Republican Member of the Subcommittee on Health Care.

“It’s disappointing, even a little unbelievable, to hear talk about Administration officials wanting a veto of a legislative proposal they haven't even seen yet - because it isn't even finalized yet. The President ought to give Congress a chance to offer a proposal first. As Republican leaders on the committee of jurisdiction, we’ve been working day and night to reach an agreement on children’s health insurance legislation because it is imperative that this important program, which has helped so many children, be continued.

“At the same time, it must be recognized that there are several obstacles that must be overcome. First, against our wishes, the program was expanded to cover childless adults. Our goal is to refocus the program on low-income children. Second, the majority party has been interested in spending as much as \$50 billion above the baseline of \$25 billion which is already locked in. We’re holding the line in limiting additional monies to \$35 billion. So far in negotiations, we've worked to get dropped new mandates, increased Medicaid match rates, allowing more states to cover parents in the program, and coverage of legal immigrants - all of which substantially scale back the cost of the proposal.

“What’s at issue is the President not wanting to budget \$35 billion above the \$25 billion baseline. What the administration needs to understand is that if a bipartisan plan isn't achieved, then the Democratic controlled Congress will, at the very least, extend the current program with all the terrible policy provisions that have evolved, such as waivers for childless adults and coverage for higher-income kids. Separate from those issues, the cost of a Democratic-only sponsored extension is also certain to be higher because it would provide additional funding for states to implement other expansions they have in the pipeline. So, a simple extension of the current program could cost as much as \$24 billion, on top of the \$25 billion baseline, over five years, a far cry from the President's \$5 billion request. The other scenario that could unfold is that the Democratic controlled Congress could very well pass reauthorization legislation that

spends all of the additional \$50 billion in the budget, and attach it to a must-pass bill at the end of this session, and there would be no bipartisan input. Those are the political realities and what's at stake. We think it's worth getting the right policy and a focused program for this \$35 billion.

“Finally, like the President, we'd like to consider proposals to provide reform of the tax treatment of health care to increase coverage to tens of millions of Americans. Not taking that on is a missed opportunity, but it's not realistic - given the lack of bipartisan support for the President's plan - to think that can be accomplished by next week or even before the current children's health care program runs out in September.”