

1 OPEN EXECUTIVE SESSION TO CONSIDER THE "KEEP KIDS'
2 INSURANCE DEPENDABLE AND SECURE (KIDS) ACT OF 2017"
3 WEDNESDAY, OCTOBER 4, 2017
4 U.S. Senate,
5 Committee on Finance,
6 Washington, DC.

7 The hearing was convened, pursuant to notice, at
8 9:40 a.m., in room 215, Dirksen Senate Office Building,
9 Hon. Orrin G. Hatch (chairman of the committee)
10 presiding.

11 Present: Senators Grassley, Roberts, Cornyn, Thune,
12 Isakson, Portman, Toomey, Scott, Cassidy, Wyden,
13 Stabenow, Cantwell, Carper, Cardin, Brown, Bennet, Casey,
14 Warner, and McCaskill.

15 Also present: Republican Staff: Jay Khosla, Staff
16 Director; Jennifer Kuskowski, Health Policy Director;
17 Stuart Portman, Health Policy Advisor; and Anna Bonelli,
18 Detailee. Democratic Staff: Joshua Sheinkman, Staff
19 Director; Michael Evans, General Counsel; Elizabeth
20 Jurinka, Chief Health Advisor; and Ann Dwyer, Senior
21 Health Counsel. Non-designated Staff: Joshua LeVasseur,
22 Chief Clerk and Historian; and Athena Schritz, Hearing
23 Clerk.

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25

1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

3

4 The Chairman. Let us have order.

5 There are 14 members present as I understand it. Am
6 I right on that?

7 [No audible response.]

8 The Chairman. So I note the presence of 14
9 committee members. That number will allow us to vote to
10 order the bill sent to the floor or reported. Ranking
11 Member Wyden agrees, and unless a member has concerns,
12 let us proceed to the vote.

13 Therefore, I would entertain a motion, and then we
14 are going to talk about this afterwards. Therefore, I
15 would entertain a motion that the committee report the
16 bill subject to amendment.

17 Senator Wyden. So moved, Mr. Chairman.

18 The Chairman. Does any Senator require a recorded
19 vote? Does anybody require a recorded vote?

20 [No audible response.]

21 The Chairman. If not, all those in favor will say
22 aye.

23 [A chorus of ayes.]

24 The Chairman. All those opposed will say no?

25 A Member. No.

1 The Chairman. One no.

2 The ayes have it, and the resolution is ordered
3 reported.

4 Let us bring the committee to order. The bill has
5 passed out of the committee.

6 Today the committee has before it a Chairman's Mark
7 of S. 1827 that we have just passed, entitled "Keep Kids'
8 Insurance Dependable and Secure Act of 2017." This
9 bipartisan legislation extends funding for the Children's
10 Health Insurance Program for five years. It would also
11 gradually transition CHIP to its traditional federal-
12 state partnership, allow greater state flexibility, and
13 provide more protections for children in low-income
14 families.

15 I am very pleased to have been able to work with
16 Senator Wyden on this, and I appreciate his efforts. It
17 is important legislation, and I am grateful for Senator
18 Wyden's help in putting this bill together.

19 Twenty years ago, Senator Kennedy and I worked
20 together to create the CHIP program to provide health
21 coverage for children in vulnerable families who could
22 not afford private insurance, but still did not qualify
23 for assistance through Medicaid. Drafting the
24 legislation took months of negotiations and compromise.
25 In the end, neither of us got everything we wanted, but

1 we were both pleased with the result. And to this day, I
2 remain proud of what we were able to accomplish,
3 certainly, with CHIP and believe that it was a prime
4 example of what government can accomplish when both
5 parties work together.

6 Throughout most of its history, CHIP has enjoyed
7 bipartisan support throughout the country as a matter of
8 fact. As I said in our hearing last month, it is not
9 perfect and I am not wholly supportive of some of the
10 subsequent changes to the program, but most people still
11 consider it to be a good success. That success will
12 continue once we pass the KIDS Act.

13 As we know, federal CHIP funding expired last week.
14 And while states and DC have funding leftover to help
15 them get into fiscal year 2018, it is still paramount
16 that we act quickly both here in committee and through
17 the next steps in the process to ensure eligible children
18 do not go uninsured once federal funding is exhausted.

19 Once again, I want to thank Senator Wyden and all of
20 our colleagues who have worked with us on this
21 legislation. I also want to thank all the state
22 officials that have provided their input on the program
23 over the years.

24 I expect we will get a strong bipartisan vote on the
25 floor, and I appreciate all of my colleagues' willingness

1 to support this important effort.

2 Now, before I conclude my remarks, I know a number
3 of our colleagues are concerned about the health care
4 extenders. Those matters, until recently, had been
5 swallowed up in the broader healthcare debate. Once we
6 are able to move this CHIP extension through committee,
7 passage of the Medicare and Medicaid extenders will
8 become my -- and I think our -- top priority, or at least
9 health care priority. I know that Senator Wyden is
10 similarly committed to getting this done.

11 For those feeling some anxiety over the delays on
12 the extenders, please keep in mind that the committee
13 has, in the past, retroactively extended Medicare and
14 Medicaid provisions after they have expired. We have
15 been able -- on a bipartisan basis -- to act later in the
16 calendar year to make states and health care providers
17 whole.

18 We will get that done in short order. And once
19 again, I am committed to seeing it through.

20 So those are my remarks. We will turn to Senator
21 Wyden.

22

1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON

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4 Senator Wyden. Thank you, Mr. Chairman. I am
5 going to be brief. I know a couple of our colleagues,
6 Senator Isakson and others, are racing to get to other
7 meetings.

8 The first point I want to make is I know that there
9 are a number of Senators on both sides, on the Democratic
10 side and the Republican side, who very much wanted to
11 offer ideas -- ideas that they sincerely have worked on
12 for -- in some cases -- years. And to their credit, they
13 decided not to offer them this morning.

14 I want to thank Senators on both sides because this
15 could have turned out to be a very different morning, and
16 a morning that would not be good for the nation's
17 vulnerable children, their parents, and our states that
18 want to know what is ahead in the coming days. We
19 managed to advance this legislation now with a strong
20 bipartisan vote.

21 I am going to stay and listen to colleagues, but the
22 reality is if you do not get this addressed in a timely
23 way, you put children at risk. These enrollment freezes
24 and belt-tightening and other emergency measures the
25 states have talked to us about, they are not

1 abstractions. They represent very real problems for
2 kids, and parents, and families that are walking on an
3 economic tightrope.

4 So today is a step forward in preventing that
5 heartache for parents. And I am glad that we have taken
6 it.

7 I want to hear from other colleagues, and
8 particularly those on a very tight timetable. Obviously,
9 there are other important health care priorities that we
10 have to act on this year. Suffice it to say, there are
11 going to be some very vigorous debates now that the
12 committee has taken this important step today.

13 But it seems to me as we head into this recess,
14 Americans are going to see that the Senate Finance
15 Committee in its best tradition of trying to find common
16 ground, did not duck, did not say we are going to put
17 this off for another time, but said we are going to start
18 moving this bill now. And I want to thank Senators
19 because I have talked to a number on both the Democratic
20 side and the Republican side who felt very strongly about
21 offering amendments today, and they chose not to do it,
22 and I appreciate that.

23 Thank you, Mr. Chairman.

24 The Chairman. Thank you.

25 Now I will turn to other members for opening

1 statements. And because we have a lot of other things
2 going on today, I would strongly urge my colleagues to
3 submit any statements or colloquies for the record.

4 For any member --

5 Senator Carper. Mr. Chairman --

6 The Chairman. Any member who wants to speak at
7 this time, I ask that you please limit your comments to
8 no more than three minutes.

9 Senator Carper. Could I limit mine to 30 seconds?

10 The Chairman. Senator --

11 Senator Wyden. No -- Senator Isakson --

12 Senator Carper. Yeah, very briefly.

13 I just want to say, Mr. Chairman, you and our
14 ranking member set a good example for us in the way that
15 you have worked together on this legislation.

16 The Chairman. Well, thank you.

17 Senator Carper. And we need that same spirit, that
18 same kind of commitment to work to fix those aspects of
19 the ACA that need to be fixed and preserve those aspects
20 that need to be persevered. Hugely important
21 legislation, as we know.

22 And we need this kind of commitment. You set a good
23 example for us, and we thank you.

24 The Chairman. Well thanks so much.

25 Senator Isakson?

1 Senator Isakson. Thank you, Mr. Chairman, and
2 thanks to you and the ranking member for all of your
3 work.

4 CHIP is an important program, and of course, you are
5 one of the proud parents of CHIP, you and Senator
6 Kennedy, and we appreciate your leadership on that.

7 The Chairman. Thank you so much.

8 Senator Isakson. I am one of those people that has
9 worked long and hard on an issue that is coming before us
10 by the end of this year. As all of you know, DSH
11 payments will begin to be terminated beginning next year
12 in 2018.

13 In Georgia, that is going to be a loss of \$780
14 million over 7 years to our most needy hospitals. It is
15 going to mean people most in need of health care are not
16 going to have it there.

17 The AHA's promise was that everybody would be
18 ensured. And so disproportion share payments were
19 withdrawn because it was thought the hospitals would be
20 paid by insured patients, rather than not having insured
21 patients. Our experience has found that not to be true.

22 This hospitals are being treated and not being
23 compensated.

24 And if we began to reduce DSH payments next year, we
25 are going to see to it that a lot of hospitals that are

1 open and -- today will not be open and closing. I will
2 be working between now and the end of the year --
3 hopefully with all of you -- to extend the termination of
4 DSH payments, at least for two more years, in 2018 and
5 2019.

6 And I appreciate the time, Mr. Chairman.

7 Senator Grassley. Mr. Chairman?

8 Senator Wyden. Thanks, Senator.

9 Senator Grassley and then --

10 Senator Brown. Mr. Chairman?

11 The Chairman. I will call on you, Senator Brown,
12 after Senator Grassley.

13 Three minutes.

14 Senator Grassley. Okay.

15 First of all, I backup the bipartisan cooperation
16 that we have in this bill, and this Markup -- today is
17 very important on the issue of renewing the Children's
18 Health Insurance Program, which I have cosponsored. The
19 bill for reauthorization has a very good title, Keep
20 Kids' Insurance Dependable and Secure Act.

21 I was going to offer two amendments, so I want to
22 explain them, and of course those amendments will be
23 withdrawn. Both of the bills represented by these
24 amendments are important to the wellbeing of children in
25 this country. I ask the chairman and ranking member to -

1 - hopefully they will continue to work with me on these
2 priorities.

3 Amendment number one is offered by this Senator and
4 Senators Bennet, Portman, Nelson, Scott, McCaskill, and
5 Brown. This amendment is the Advancing Care for
6 Exceptional Kids Act, or acronym ACE Kids.

7 This bill has strong bipartisan and bicameral
8 support. Often we think of children. When we do, we do
9 not think about those who have very complex medical
10 needs. This bill, the ACE Kids bill, is a path forward
11 to providing quality, coordinated care for these truly
12 most vulnerable kids.

13 Amendment two is offered by Senator Menendez, and
14 this Senator. This amendment reauthorizes the Maternal,
15 Infant, and Early Childhood Home Visiting Program or
16 MIECHV for short as an acronym. This bill reauthorizes
17 another bipartisan program which supports evidence-based
18 programs to improve maternal and child health, prevent
19 child abuse, and promote child development and school
20 readiness.

21 So I thank my colleagues for listening to me. These
22 are bills I would like to get considered before too much
23 time has gone on in the next few weeks. I hope that I
24 can have the support of the chairman and the ranking
25 member, and will, obviously, not offer the amendments

1 today.

2 The Chairman. Well, thank you, Senator.

3 I had said I would go to Senator Brown.

4 Senator Thune. Mr. Chairman, can we submit
5 statements for the record if we do not have time?

6 The Chairman. Everybody can submit statements for
7 the record.

8 Senator Thune. All right. Thank you.

9 The Chairman. And I would appreciate that.

10 I said I would go to Senator Brown, but Senator
11 Stabenow had asked to go first, so -- Senator Toomey
12 after that, then Senator Brown. Okay.

13 Senator Stabenow. Thank you very much, Mr.
14 Chairman.

15 First of all, I just want to thank you, Mr. Chairman
16 and Ranking Member, for this very important bipartisan
17 effort. I am pleased that we are getting this out of the
18 committee.

19 I am concerned that we move it quickly on the floor
20 since the deadline of September 30th has been past, and
21 we could begin to see cancellation notices going out to
22 families and waitlists and enrollment changes, and
23 ultimately children being unable to see a doctor. So I
24 hope that this first step will allow us to move quickly.

25 We know that it involves 9 million children being able

1 to see the doctor, 100,000 of those in my state of
2 Michigan.

3 I did want to mention quickly two amendments that I
4 will not offer, but I think are very important. One
5 relates to something that I am hopeful that we will add
6 on the floor that is critically important that I know
7 members of this committee care deeply about, and that is
8 the Community Health Center Fund.

9 We have community health centers funding which also
10 ended on September 30th. And our health centers serve
11 680,000 people in Michigan alone at 260 sites. They
12 serve 26 million patients around the country, 1 out of 6
13 Americans in rural communities, and 330,000 of our
14 nation's veterans call community health centers their
15 medical home.

16 So without an extension, we will lose 70 percent of
17 federal funding through the health centers, and we would
18 see real devastation for families throughout the country.

19 So Senator Blunt and I put forward a letter.
20 Originally it was 70 members of our Senate joining in
21 that. We have now put forward a bill with many
22 cosponsors.

23 I am very hopeful -- it is critical this be added on
24 the floor. I know it is Help's jurisdiction, but it is
25 critically important that we remember and support health

1 centers.

2 And then I finally would just indicate that in a
3 time when we continue to talk about the need for mental
4 health and substance abuse services, Senator Blunt and I
5 continue to work on creating certified community
6 behavioral health clinics around the country. With the
7 support of colleagues, we were able to pass a version of
8 what we call the Excellence in Mental Health Act, where
9 eight states now are the first eight states to develop
10 innovative behavioral health care delivery models.

11 Those states are operating now. We have 11
12 additional states that have come forward that wish to do
13 this as well. And we wish to expand the current funding
14 for states, and I am hopeful that as we move forward and
15 talk about the critical need for mental health and
16 addiction services, that our legislation will be
17 incorporated in efforts down the road.

18 Thank you, Mr. Chairman.

19 The Chairman. Well, thank you, Senator.

20 We will turn to Senator Toomey next, and then to
21 Senator Brown.

22 Senator Brown. Mr. Chairman, I have to go then. I
23 am sorry. I have to go.

24 Senator Wyden. Mr. Chairman, we had two Republican
25 speakers. So there would be one more Democratic speaker,

1 Senator Brown, and then Senator Toomey if we are going to
2 keep it --

3 The Chairman. No. It is going to be Toomey first.
4 I said that --

5 Senator Brown. Well, Mr. Chairman, I have to go to
6 the Banking Committee --

7 The Chairman. Well, Senator Toomey, would you mind
8 if he speaks first, before you? Do you mind?

9 Senator Toomey. No.

10 The Chairman. Then, Senator Brown.

11 Senator Brown. I have got to get to the Banking
12 Committee. I want to be there on time.

13 The Chairman. Okay. All right.

14 Senator Toomey?

15 Senator Toomey. Okay. Thank you, Mr. Chairman.

16 I am offering an amendment on behalf of myself and
17 Senator Crapo. The amendment has absolutely nothing to
18 do with the CHIP Program, but it has everything to do
19 with this legislation. And I want to explain this.

20 Many people might be shocked to learn that since
21 2009, only 58 percent of the money that the CHIP's
22 legislation has mandated -- mandated appropriations
23 through the legislation that this committee has passed,
24 only 58 percent of that money has ever gone to CHIP.
25 That is all.

1 Over \$42 billion, authorized appropriations by this
2 committee through this legislation has gone to completely
3 unrelated programs that have absolutely nothing to do
4 with CHIP. It happens every year.

5 The budget technique by which this occurs is called
6 the CHIMP. It is entirely a gimmick that is designed to
7 subvert spending caps.

8 Let me explain briefly how this works and why this
9 happens this way. The actual federal spending through
10 the CHIP program through the states is determined by
11 formula. One of the variables in the formula is how many
12 kids participate in CHIP. Now that is not knowable in
13 advance, precisely; right? It could be a few more kids.
14 It could be fewer children in any given year.

15 So how does our legislation deal with the inherent
16 uncertainty about the outcome of the formula? It does it
17 by appropriating a number that is widely in excess of
18 what anyone thinks could plausibly happen.

19 To give you an example, in this legislation for next
20 year we have a mandatory appropriation of \$21.5 billion.
21 The CHIP program has never even spent \$15 billion. But
22 here we have a mandatory appropriation of \$21.5. No one
23 thinks that there is any scenario in which the CHIP
24 Program could actually -- according to its intent and
25 formula -- need \$21.5 billion. But nevertheless, that is

1 the number that is in the legislation.

2 But it goes beyond that because if a state busts
3 through the expense that is permitted under the formula,
4 there are several contingencies in the legislation.
5 First, there is the redistribution from any states that
6 come under their cap.

7 Then the second is what is known as the Child
8 Enrollment Contingency Fund. Well in fiscal year 2016,
9 according to the legislation, the reauthorizing
10 legislation, we deposited \$3.9 billion into this fund.
11 And over the next 5 years, under the legislation that we
12 just voted for, we are going to put another \$20 billion
13 into this fund.

14 Do you know over the last eight years how much has
15 been consumed in this category? \$305 million dollars --
16 a tiny, tiny fraction because it is extremely unlikely
17 that a state is ever going to be in these circumstances.
18 But \$7 billion of this has gone in completely unrelated
19 spending.

20 This has become a slush fund for the Appropriations
21 Committee and Congress as a whole. That is what this is,
22 Mr. Chairman because we have a mechanism whereby we have
23 this mandatory spending level, wildly in excess of
24 anything that could possibly be actually consumed.

25 And then lo and behold, when everyone chooses to

1 acknowledge that it is not going to be consumed, they
2 grab it and spend it on something else, completely in
3 violation of the spirit of the spending caps that we are
4 supposed to have.

5 So we have -- Senator Crapo and I have a simple
6 amendment that would fix this problem without ever
7 jeopardizing a single dime to the states or a single
8 child in the CHIP program because it would simply specify
9 that the federal contribution, the dollar amount, would
10 be whatever is necessary, whatever follows from the
11 implementation of the formula.

12 So there is no chance that children will not get the
13 coverage, but there is every chance what we would achieve
14 is we would end this slush fund that never should have
15 been created in the first place.

16 Senator Cornyn. Mr. Chairman, would the Senator
17 yield for a question?

18 Senator Toomey. I will yield.

19 Senator Cornyn. I would say to Senator Toomey, is
20 this the only mandatory spending program where this
21 budget gimmick occurs? And if not, what do you calculate
22 to be the scope of this sleight of hand?

23 Senator Toomey. So it is not the only case in
24 which this sort of sleight of hand occurs. I do not know
25 the grand total, but it is many billions of dollars. And

1 it is completely dishonest budgeting. It is
2 unaccountable. It is meant to circumvent any caps.

3 Look, people can have reasonable differences of
4 opinion about what the cap level ought to be, but should
5 we not have a cap? Should we not adhere to it? And why
6 are we, the Senate Finance Committee, choosing to create
7 a slush fund for the Appropriations Committee? That is
8 what this is.

9 So, Mr. Chairman, we had a brief discussion
10 beforehand. I welcome your thoughts on how we could
11 address this going forward, before I decide on whether or
12 not to have a vote.

13 The Chairman. To be honest with you, I agree with
14 the Senator. I am very pleased that you have raised this
15 because as the prime author of the CHIP Program, I talked
16 Senator Kennedy into coming over and being on it. And
17 that, of course, helped get it passed.

18 I never thought that it would be used for a slush
19 fund down the line. And I am very upset about this. So
20 I think the Senator is doing us all a great favor, and I
21 hope people stay the hell off of CHIP with their slush
22 funds.

23 Let us make CHIP what it should be, the banner
24 program for our young kids that really do not have a
25 chance in this world. I think I better -- you want to

1 say one --

2 Senator Toomey. Well, Mr. Chairman, you and the
3 ranking member indicated a willingness to work with us on
4 this.

5 The Chairman. We will.

6 Senator Toomey. I know that it is your intent that
7 we not have this slush fund mechanism in this
8 legislation. That is my understanding.

9 The Chairman. That is my intent.

10 Senator Toomey. I understand that the ranking
11 member and some of our Democratic colleagues may feel
12 like they have not had a chance to examine this
13 thoroughly and consider the implications. So I will not
14 ask for a vote at this time, but I fully intend to
15 continue this discussion with you, with the ranking
16 member, and with any other interested members of the
17 committee because this really should come to an end.

18 The Chairman. I think the Senator should.

19 We will go to Senator Cantwell. I am sorry I could
20 not get right to you.

21 Senator Cantwell. Thank you, Mr. Chairman. I
22 appreciated hearing Senator Toomey's remarks.

23 If I could enter into the record a letter from the
24 governor of my state as it relates to this legislation?

25 The Chairman. Without objection.

1 [The letter appears at the end of the transcript.]

2 Senator Cantwell. And, Mr. Chairman, I would say
3 first of all, thank you to you and the ranking member for
4 the Chronic Care Legislation that you moved out of this
5 committee. While I wish that would have been a more
6 robust debate, at least it is moving through the process.

7 I am sure that this is the same attempt here to move
8 something forward, but I definitely believe that as we
9 continue to talk about CHIP and the efficiencies of the
10 program -- Senator Toomey's point about having CHIP money
11 go to CHIP is -- I could not be more supportive.

12 The Chairman. Thank you.

13 Senator Cantwell. I would say the same to states
14 that use CHIP money for something else too.

15 If I had a desire, it would be to focus in on the
16 affordability issue as we move forward. Our colleague,
17 Senator Isakson, brought up his anxieties about other
18 aspects of the health care legislation that are needing
19 to be renewed by the end of the year. So I have a
20 feeling this CHIP bill will become the political football
21 of all political footballs here at the end, but I would
22 hope we would not lose site on continuing to improve and
23 streamline the cost effectiveness of this program. By
24 that I mean make sure we are keeping focus on covering
25 kids and the adult population that go along with them in

1 the most cost-affordable way possible.

2 As a state that has seen the great benefits of
3 coverage, but in the most cost-effective way possible --
4 that is in the Medicare market getting \$2,000 to \$3,000
5 less per Medicaid beneficiary, and yet delivering better
6 care at greater outcomes, we have been forced into
7 finding the efficiencies in these programs that are so
8 necessary. So I hope as we move to the floor with this
9 that you will consider these discussions on both sides of
10 the aisle about how we continue to make sure that, as you
11 said, all kids are covered and that the adult population
12 that goes along with them in the most cost-effective way
13 and not be afraid to figure out how to streamline these
14 things together to save dollars and to make sure that
15 they are actually being spent on children.

16 So thank you, Mr. Chairman.

17 The Chairman. Well, thank you, Senator.

18 I support the policy described here by Senator
19 Toomey. And I think that every member of this committee
20 should be supportive of keeping mandatory money in the
21 jurisdiction of the Finance Committee, and not giving
22 appropriators a free check from the CHIP Program.

23 However, I reached an important agreement with
24 Senator Wyden and adopting this amendment would have
25 upset that agreement. So I am very grateful that Senator

1 Toomey was willing to withhold to the floor. And I
2 intend to keep working with him on this issue moving
3 forward, and I hope there is cooperation from other
4 members of this committee as well.

5 Is there anybody else who would care to make a
6 statement?

7 Senator Cornyn. Mr. Chairman?

8 The Chairman. Senator Cornyn?

9 Senator Cornyn. I will be brief.

10 The Chairman. Then I will come across to --

11 Senator Cornyn. I will be brief, Mr. Chairman.

12 I am glad we are taking this important step toward
13 reauthorization of the Children's Health Insurance
14 Program. This is a unique piece of legislation because
15 it does enjoy such broad bipartisan support, and it is a
16 good example of how providing states with flexibility and
17 resources in the form of block grants can be successful
18 in improving health coverage and outcomes. Actually, it
19 resembles some of what we attempted to do when it came to
20 replacing the ACA recently.

21 I do want to mention my support for what Senator
22 Toomey was addressing. And I appreciate the chairman's
23 remarks.

24 Of course, while we are moving this bill through the
25 committee, Senators reserve all rights that they may have

1 on the floor. So it is my intention to do everything I
2 can to support Senator Toomey's effort to get this matter
3 of CHIMP's spending, which is strictly a budget gimmick,
4 to get that addressed on the floor.

5 And I do not think we ought to stop just at the
6 CHIMPs used on the CHIP Program. We ought to look at how
7 that is done in all mandatory spending programs, which
8 are of course, the source of the \$20 trillion debt that
9 we currently have. It is mandatory spending. It is not
10 discretionary spending.

11 But I do want to take just a second to mention an
12 amendment that I will not offer today, but I think is
13 important. It is good policy and it enjoys bipartisan
14 support.

15 My amendment would repeal the Independent Payment
16 Advisory Board, or IPAB, which is a panel of unelected
17 officials. It is charged with reducing growth in
18 Medicare spending once certain spending triggers are hit.

19 While I have serious concerns about Medicare's
20 current spending path, I believe that IPAB is the wrong
21 approach to addressing these concerns, could override the
22 will of Congress on a bipartisan basis, and could
23 actually jeopardize access to care for more than 50
24 million Americans that rely on Medicare.

25 I know I am not the only member of the committee

1 that has this concern. In fact, 14 other members on this
2 committee have cosponsored legislation of repeal IPAB,
3 including the ranking member Wyden, who introduced such
4 legislation this year.

5 Like CHIP, IPAB repeal is a bipartisan policy. And
6 it is my priority to see it is passed in this Chamber
7 during this Congress.

8 So, Mr. Chairman, thank you for your continued
9 support of this policy. And I ask for your commitment to
10 work with me and the ranking member and other members of
11 the committee to repeal IPAB.

12 The Chairman. Thanks, Senator. We will.

13 Now I have been informed that Senator Portman is
14 next, and then Senator Cardin -- Senator Portman, then
15 Senator Cardin, then Senator Roberts.

16 Senator Portman?

17 Senator Portman. Thank you, Mr. Chairman. I was
18 happy to be patient because I enjoyed the dialogue.

19 And what we heard today was there are a number of
20 things that cannot be included in this legislation that
21 we ought to take up, some of which are expiring on
22 September 30, did expire on September 30, like the CHIP
23 Program. And I would put in that category the MIECHV
24 Program which was mentioned earlier which is very
25 important to Ohio. This is the Maternal, Infant, and

1 Early Childhood Home Visiting Program.

2 This is one that is working. And it helps provide
3 family support through evidence-based home visiting
4 programs. It is saving costs. It is increasing quality,
5 and I would hope we could also reauthorize that as an
6 example.

7 We also heard about other legislation that is
8 important. I agree with what was said about the CHIMP
9 Programs. Here we are talking about CHIP, and then we
10 are talking about CHIMP -- lots of acronyms, but
11 basically it is changes in mandatory spending programs
12 that is a budget gimmick.

13 To answer the earlier question, it is about \$17 to
14 \$20 billion a year. And the Crime Victim's Fund, I
15 think, is the largest single one. And I know that
16 Senator Cornyn has been involved with that issue as well,
17 in the Judiciary Committee. But it is something that is
18 broken in our budgeting system, and I do support dealing
19 with it.

20 By the same token, I am really glad we got CHIP
21 passed through the committee today. I hope we can get
22 that through the floor. It is a vital program for Ohio,
23 219,000 Ohio kids are now covered through the CHIP
24 Program. According to our Ohio folks, the Medicaid
25 Director in Ohio -- Ohio is going to deplete our CHIP

1 funding by the end of this calendar year. So it is
2 urgent that we do move quickly and extend this funding to
3 ensure these low-income kids continue to have access to
4 high-quality health coverage just as you intended, Mr.
5 Chairman, over the years as you have worked on this.

6 There are a couple of amendments that we had planned
7 to offer that we are not going to offer. One, I just
8 want to mention briefly is the KIDS Act. And some of you
9 have followed this closely, but about 6 percent of
10 children with medically complex medical issues in this
11 country spend about 40 percent of the Medicaid dollars.
12 And there is a much more cost-effective way, and again
13 focusing on quality, a better way for these kids to give
14 them the health care coverage that they need.

15 It is basically allowing coordination care between
16 providers. And in Ohio, we have done this. The
17 Cincinnati Children's Hospital has been a leader on this.

18 We believe that we will not only be able to improve
19 coordination and care, but again, allowing states to have
20 this option to create these pediatric home health --
21 these homes in Medicaid will save taxpayer money over
22 time.

23 So I would hope that we could move forward on the
24 ACE Kids Act. I know we are still working with the
25 committee staff, Mr. Chairman, on some concerns that they

1 have, and we want to work through those and get that
2 legislation passed. Senator Grassley, Senator Bennet,
3 Senator Nelson and I have continued to push that and look
4 forward to your support on that when we can come back for
5 a different forum where we are able to move that bill
6 forward.

7 And then, finally, there is legislation Senator
8 Brown and I have filed called the Caring Recovery for
9 Infants and Babies, CRIB Act. CRIB is important right
10 now because of this increased number of babies who are
11 born with neonatal abstinence syndrome. This is because
12 of our opioid crisis we have in this country.

13 We appreciate the fact, Mr. Chairman, that your
14 staff has worked with us on this. We hope to get the
15 CRIB Act done as well. We are not going to offer it
16 today. We do think that this is very important,
17 including being able to free up high-demand NICU beds for
18 the treatment of newborns and babies that have other
19 kinds of higher acuity. So we think this is actually a
20 positive bill for the taxpayer as well as take better
21 care of these babies and deal with our opioid crisis.

22 Thank you, Mr. Chairman.

23 The Chairman. Thank you, Senator.

24 Senator Cardin?

25 Senator Cardin. Mr. Chairman, first I want to

1 thank you and congratulate you for your leadership on the
2 Children's Health Insurance Program.

3 The Chairman. Thank you very much.

4 Senator Cardin. It is one of the great programs
5 that we have enacted under your leadership and your
6 innovation. So congratulations. I am very pleased to
7 join you today on the reauthorization.

8 The Chairman. Thank you. Pleased to have you.

9 Senator Cardin. So this is an important moment,
10 and I am glad that we are acting on it, and I hope that
11 we can get it enacted quickly because states are taking
12 action right now that affects the health insurance care
13 of our children.

14 There are two amendments that I was planning to
15 offer, but I understand the strategy of getting this bill
16 moving quickly. So I will not offer those two
17 amendments, but I do want to mention them to my
18 colleagues.

19 I think they are both important amendments. One, we
20 have had on the extender list, and I want to make sure is
21 done. The other deals with a problem within the
22 Children's Health Insurance Program as it relates to
23 pediatric dental care.

24 Tooth decay is the single largest disease affecting
25 children, and it is totally preventable. Currently,

1 there are still several states that impose a cap on the
2 dental benefits children receive under the Children's
3 Health Insurance Program.

4 So I had an amendment that I had filed that would
5 eliminate the annual and lifetime caps for CHIP dental
6 benefits. And as I said, there is currently -- I believe
7 -- eight states that have these limits that can deter
8 families from getting the necessary oral health for their
9 children, and I hope that we will be able to return and
10 be able to improve the CHIP Program to eliminate these
11 caps.

12 The second amendment that I was pleased to be joined
13 by Senators Heller, Casey, Stabenow and Brown -- in fact,
14 this amendment which deals with the therapy cap, and that
15 is certainly a familiar subject for this committee, has
16 34 cosponsors, including Finance Committee members
17 Heller, Casey, Brown, Grassley, Stabenow and Cassidy.
18 The therapy cap was put in in the late 1990s under one of
19 the budget acts that admittedly made no sense whatsoever.
20 There is no policy reason for the therapy cap.

21 It affects those who have the most severe needs,
22 those who need therapy because of their condition such as
23 stroke or other issues. And the cap -- we have extended
24 it numerous times. We have offset it numerous times,
25 much more than what it was originally scored for in the

1 budget act, and it is affecting policy. There have been
2 times we have missed extending it.

3 We now have a December 31st deadline. This has been
4 a bipartisan effort to, hopefully, eliminate this once
5 and for all so that we do not have to be redoing this on
6 an ongoing basis. And I hope, Mr. Chairman, we will have
7 an opportunity prior to the end of this year to make sure
8 that we provide for the therapy caps not to take effect.

9 With that, Mr. Chairman, again, I thank you for your
10 leadership and Senator Wyden, and look forward to working
11 with you.

12 The Chairman. Well, thank you, Senator. Thanks
13 for your patience as well.

14 Senator Roberts?

15 Senator Roberts. Thank you, Mr. Chairman. I truly
16 appreciate the work from you and Ranking Member Wyden on
17 the bill before us today.

18 When CHIP was created, we had one goal, and that was
19 to cover targeted low-income children who were under the
20 age of 19 with no health insurance whose families made
21 too much money to qualify them for Medicaid, but not
22 enough to enable them to afford to buy any health
23 insurance.

24 When the program was reauthorized in 2009, I was
25 concerned about the removal of the Crowd-Out Provision

1 that had been included in previous SCHIP bills. We have
2 -- taxpayer dollars, but they should be used to fund
3 coverage for those children most in need, those without
4 the option for private health insurance coverage.

5 I believe states should have flexibility to address
6 Crowd-Out. However, in 2013, the Department of Health
7 and Human Services issued regulations limiting waiting
8 periods for those waiving private coverage and enrolling
9 in CHIP to 90 days.

10 I have offered an amendment, Roberts Amendment
11 Number 2, to ask the GAO to look into this issue for us.
12 Maybe waiting lists are not the best way to go. I am
13 open to other solutions, but we need to identify the best
14 practices to prevent the substitution of CHIP coverage
15 for private coverage.

16 Mr. Chairman, I appreciate your willingness to make
17 this request to GAO with me, and I, therefore, withdraw
18 my amendment. I would invite Ranking Member Wyden and
19 any other members of the committee who may be interested
20 to join us on this request so that we can continue
21 working to address Crowd-Out and ensure the CHIP Program
22 maintains its original intent of serving kids most in
23 need.

24 Thank you. I am strongly in support of the CHIP
25 Program.

1 The Chairman. Well, thank you, Senator.

2 I ask consent that staff be granted authority to
3 make technical confirming budgetary changes.

4 Without objection, it is so ordered.

5 Now I want to thank all of my colleagues and the
6 staff that helped us pass this important bill today. I
7 especially want to thank my friend, Senator Wyden, for
8 working with me to find a durable bipartisan compromise
9 for the children and families that rely on CHIP.

10 My hope is that we can continue working in a
11 bipartisan way on other equally important issues,
12 particularly the policies commonly referred to as
13 "extenders" under Finance Committee jurisdiction before
14 the committee in the upcoming weeks.

15 With that, then this meeting will be adjourned.

16 [Whereupon, at 10:22 a.m., the meeting was
17 concluded.]

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I N D E X

PAGE

STATEMENT OF:

THE HONORABLE ORRIN G. HATCH A United States Senator from the State of Utah	2
THE HONORABLE RON WYDEN A United States Senator from the State of Oregon	6

JAY INSLEE
Governor



STATE OF WASHINGTON
Office of the Governor

October 3, 2017

Dear Members of the Washington State Congressional Delegation:

As you know, CHIP authorization expired on September 30, 2017, and our state will not be able to continue the program past February 1, 2018, without reauthorization from Congress. As a result, on December 1, 2017, we will be notifying all Washington Apple Health (Medicaid) families who are at risk of losing health care coverage for their children.

If Congress does not act soon to reauthorize CHIP, all enrolled children with a family income between 250 percent and 312 percent of the federal poverty level could lose their coverage – that's approximately 15,710 children in Washington State who will no longer be able to see a doctor. I feel it is crucial that we deliver these letters to the families by December 1st to provide them time to make alternative arrangements for health care coverage.

In addition, it is imperative that funding be maintained at the current 88 percent federal match so we can continue to meet our state statute mandate requiring that we cover all children at or below 250 percent of the federal poverty level. If the funding is not maintained at the 88 percent federal match, we will have to make difficult budget decisions in order to continue coverage for this group of more than 32,000 children.

As you know, CHIP supports children from low-income working families. On behalf of these families, I once again urge you to take swift action to restore the funding for this program, which helps ensure all children in Washington have access to the health care they need to grow and thrive, including preventive care such as immunizations and developmental screenings. Toward that end, I wish to express my support for S. 1827, the *Keeping Kids Insurance Dependable and Secure Act* – bipartisan legislation introduced in the U.S. Senate to reauthorize the CHIP for five years. Importantly this bill would maintain the 23 percent enhanced federal matching investment for states, through 2019, as envisioned in current law, as well as an additional year with an 11.5 percent enhanced federal match.

Enclosed is a copy of the letter I sent to you earlier this year urging your support for swift action to extend CHIP, as well as reauthorization of other important federal programs on which Washington children and families depend.

Thank you for your consideration of my request.

Very truly yours,

Jay Inslee
Governor

Enclosure



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