

**Statement of the Honorable Orrin G. Hatch**  
**Senate Finance Committee's Subcommittee on Health Care**  
**Hearing on**  
**The CHIP Program From the States' Perspective**  
**November 16, 2006**

The Chair will call this hearing to order.

Next year, this Committee will be responsible for reauthorizing and financing one of the most important programs in the government, the State Child Health Insurance Program.

Let me make one thing clear: CHIP *must* be reauthorized. It is an important program that is providing needed health care services to literally millions of American children, six point two million to be exact.

That being said, it must be acknowledged that the reauthorization poses many challenges.

That is why Senator Rockefeller and I felt it imperative that the Subcommittee devote a second day of hearings to CHIP this year.

The Balanced Budget Act of 1997 created the State Children's Health Insurance Program, better known as CHIP, through the new title XXI of the Social Security Act. CHIP provides states with federal matching funds to cover uninsured children of families with incomes that are above Medicaid eligibility levels.

When designing their CHIP programs, states may expand their state Medicaid programs, create separate state programs, or have a combination approach. All 50 states and the District of Columbia have CHIP programs.

The CHIP program is financed through both the federal and state governments and is overseen by the states. States receive an enhanced federal match for the CHIP program – this federal match is significantly higher than the federal match that states receive through the Medicaid program.

The Balanced Budget Act of 1997 provided approximately \$40 billion in federal funding for the CHIP program. Collectively, states have spent \$10 billion of their own funds on CHIP and \$23 billion in federal funds for CHIP through the end of FY 2005.

As CHIP has evolved and matured, a number of key issues have become defined, issues the Committee must address in the reauthorization.

The first priority facing us is how to ensure that all eligible children are covered. Hand in hand, is the need to improve outreach efforts.

Another issue that has been in the forefront of any CHIP discussion is how to deal with states that have experienced shortfalls in their federal allotments.

One important focus of the Committee will be a re-examination of what populations should most appropriately be covered by CHIP.

When Senator Rockefeller, Senator Kennedy, Senator Chafee and I worked on the original legislation in 1997, our goal was to cover the several million children who had no health insurance. While we have gone a long way toward achieving that goal, we still have a long way to go. In that light, coverage of uninsured children must be our top priority, even though there are pressures to include other vulnerable and needy populations.

The State perspective in addressing all these issues will be helpful to the Subcommittee.

We have assembled an impressive panel of witnesses to discuss these pressing issues.

Testifying before the Subcommittee today is the state CHIP Directors from my home state of Utah, West Virginia and New Jersey. In addition, we have the Drabczyk (DRAB-CHICK) family, Nina Owcharenko (O CHA REN KO) of the Heritage Foundation and Lisa C. Dubay of the Bloomberg School of Public Health, Johns Hopkins University.

I know that I speak for both Senator Rockefeller and myself when I say that we are looking forward to working with our current Chairman, Senator Chuck Grassley and our new Chairman, Senator Max Baucus on legislation to reauthorize this program. It is a high priority for me and it is a high priority for Senator Rockefeller.

Senator Rockefeller, soon to be my Chairman, I have enjoyed working with you so much this Congress. We have put together some interesting hearings this year and I look forward to continuing to work with you next Congress.

I want to thank all of our witnesses for taking time out of their busy schedules to testify before the Subcommittee today.

Senator Rockefeller?