

**Remarks by State Senator Joseph Vitale  
New Jersey, District 19  
Chairman: Senate Health, Human Services and  
Senior Citizens Committee  
For  
The United States House of Representatives  
Committee on Energy and Commerce  
Subcommittee on Health**

**February 15, 2007**

Good morning. It is a welcome opportunity to be here to discuss the importance of the SCHIP program across the nation and in particular to the many children and parents of New Jersey.

New Jersey implemented the SCHIP program in March 1998 by covering children of families with annual income up to 200% of the Federal Poverty Level (FPL) and called it NJ KidCare. An example of 200% FPL is a family of three whose annual income does not exceed \$33,200. The program was met with great anticipation and excitement over the prospect of providing health insurance to thousands of uninsured children.

As enrollment slowly grew, we recognized how many more children needed health care coverage and in July 1999 expanded eligibility to children with family income up to 350% FPL (ex. family of 3 with income not exceeding \$58,100).

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 also know that providing health care coverage to pregnant women leads to healthier babies and moms.

And so in September 2000, New Jersey made a decision to cover parents up to 200% FPL and the program was re-named NJ FamilyCare.

Unfortunately, due to consecutive budget crises, New Jersey had to close the program to parents in June 2002, leaving only those already enrolled to continue participating.

In September 2005, I sponsored legislation that in addition to streamlining the application process, again made FamilyCare available to low-income parents and guardians up to 115% FPL (\$19,090 family of 3) in 2006 and up to 133% FPL (\$22,078 family of 3) beginning September 2007.

We now provide health insurance coverage to over 125,000 New Jersey children and over 79,000 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, in partnership with the Federal Government, New Jersey provides health insurance coverage to over one million parents 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 more generous eligibility income level in order to reach those truly needy children and families with low income levels.

Through SCHIP and Medicaid, it is also a much more economically responsible way to provide health care. In New Jersey, where we have 1.4 million uninsured, access to all levels of care for that population is typically provided by our state's hospitals. In fiscal year 2007, the State has budgeted nearly 900 million dollars to reimburse hospitals for a percentage of the costs they absorb treating the uninsured. In total, our state's hospitals provide nearly 2 billion dollars of uncompensated care; a financial strain that has put many hospitals at risk.

New Jersey greatly appreciates the opportunities that the SCHIP program provides states. Through our SCHIP program, we have been able to provide health insurance and needed health care to the most vulnerable population.....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 to lower income level families would be devastating to our State's budget and to the families of our state.

New Jersey has historically spent its entire annual federal SCHIP allotment. And though we have been eligible for SCHIP funds not used

by other states, these reallocated resources have been diminishing over the years. There is an urgent need for Congress to increase annual allocations to states to meet the ever-growing national need for health care insurance.

I will conclude my remarks by asking the members of this important committee to prevent shortfalls in funding for the SCHIP program and to advocate for increased support. Both Medicaid and SCHIP have been successful and efficient in expanding coverage to children. By promoting the continued success of these programs, we can ensure that children and families get the health care that they need.

This collaboration between the federal government and the states, and with premium sharing by consumers where it is possible, allows the kind of partnership in health care that is a model for success. Without this continuing alliance, millions of children and families will simply be unable to access the kind of care that the rest of us have and some take for granted.

Thank you, again, for your interest in this urgent issue. I hope that my remarks will help to support the need for leadership and long-term solutions to this ever increasing need.

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