

PALLONE STATEMENT AT HEALTH HEARING ON COVERING UNINSURED KIDS: REVERSING PROGRESS ALREADY MADE

February 26, 2008

"Good morning. The Subcommittee is meeting today to discuss the reversal of progress made on covering uninsured children in America. Last year should have been a landmark year for children's health. Within our reach was the opportunity to build upon the success of the previous ten years in which millions of low-income children were provided access to health care coverage through the Children's Health Insurance Program (CHIP).

"We sought to exceed that achievement by providing States with the resources they needed to maintain current enrollment, as well as expand enrollment by four million additional children who are presently eligible but don't participate. In spite of our extensive efforts to develop bipartisan-bicameral legislation, that opportunity was lost to petty politics and ideological warfare waged by a president who has continually ignored the needs of hardworking American families. Instead of working with Congress to develop a compromise that would build CHIP up for future generations, he set out to unilaterally tear it down.

"On August 17, 2007, the Administration issued a new directive to State SCHIP Officers that would seriously alter the way CHIP currently operates, essentially stripping States of the flexibility they have long enjoyed since the program's inception.

"Under the new directive, a State would have to prove that it has enrolled 95 percent of its CHIP and Medicaid eligible children in families with incomes below 200 percent of the federal poverty level before providing coverage above 250 percent of the federal poverty level. By almost every account, there is no State that will be able to meet this requirement. And adding insult to injury, research suggests that CMS does not even have a methodologically sound way of measuring State participation rates. There are equally egregious new policies imposed on the beneficiaries themselves, such as a 12 month waiting period for a child who loses private coverage before he or she can enroll in CHIP. I still have not found an answer for what that child is supposed to do for health care during those twelve months?

"There is no doubt that if enforced this new directive would seriously constrain States who are trying to provide coverage to more kids. We have already seen some of the effects. New York planned to expand coverage from 250 to 400 percent of the federal poverty line, but had its plan denied by CMS. That means approximately 47,000 fewer children in New York will have access to health coverage as a result of the denial. And while the Administration claims it 'would not expect any effect on current enrollees' I believe the policies put forth within the directive could imperil the coverage of thousands of children in those states that already cover children above 250 percent of the federal poverty level.

"In addition to the August 17th directive, this Administration has issued a slew of Medicaid regulations that seriously jeopardize the health care of millions of low-income and disabled Americans of all-ages. What's on the chopping block? Funding for rehabilitation services for those with disabilities; outreach, enrollment assistance and coordination of healthcare services for children with disabilities in school settings; as well as payments for graduate medical education, which is an important revenue source for teaching hospitals around the country, including in my home state of New Jersey which is in desperate need of these funds to avoid further hospital closings. And most recently, CMS has proposed two new

rules that would allow states to enroll Medicaid beneficiaries into benefit packages that offer fewer benefits, as well as charge them higher premiums.

"If allowed to go into effect, these regulations would slash billions of dollars from state Medicaid programs, shifting costs to the states at a time when many are strapped for cash. I know this to be true in my home state of New Jersey, where today our Governor is delivering his budget that will freeze state spending in order to close our budget shortfall. If New Jersey starts losing federal dollars for its Medicaid and CHIP programs, the state simply will not have the money to make up the difference. Instead, it is more likely that enrollment will be curtailed and services will be cut.

"It's clear that the Administration is on the wrong side of history here. Everyone but the president seems to be working to expand health coverage, especially to our most vulnerable citizens. Because of the President's intransigence we were unable to pass a robust CHIP reauthorization last year that would have helped move us forward in covering all uninsured children. Now he is clearly trying to move backwards from longstanding federal commitments by cutting federal dollars from our nation's safety net programs at a time when States are talking about using these very programs to build the basis for universal coverage. How is a state like California, New Jersey or New York supposed to provide universal coverage without the federal government doing its part to help? Or, how is a state like Massachusetts suppose to continue its current endeavor if the Administration is going to pull the rug out from under them?

"As we see increasing signs that the U.S. economy is weakening and heading toward a recession, it is crucial, now more than ever, that we ensure that those hard working American families who are negatively impacted by the economic downturn have a safety net to fall upon. That is why earlier this month, I along with Chairman Dingell, and Representatives Peter King and Thomas Reynolds introduced H.R. 5268, legislation that will help protect access to health coverage through Medicaid during the economic downturn that provides a temporary increase of the Federal Medical Assistance Percentage (FMAP). During a time when the outlook for so many American families seems uncertain, we should be promoting policies and programs that provide States and beneficiaries with the relief that they need. Temporary increasing the federal matching payments in Medicaid is a proven strategy for stimulating the economy. Slashing billions of dollars from Medicaid through administrative fiat is not.

"Today we will hear from our nation's Governors about what they think the impact will be of these policies. I want to thank you all for being here today with us. We are anxious to hear your testimony. I especially want to welcome back a former Member of this Committee, Governor Ted Strickland of Ohio. It is good to have you back with us today.

"I now recognize our Ranking Member, Mr. Deal, for five minutes for his opening statement."