

Children's Health Care Bill



Senator Chuck Grassley (R-IA)

Here's what it's not: It's not a government takeover of the health system. It does not undermine immigration policy. It's not expanding the program to cover high income kids. It's a good bill. I urge my colleagues to support this important bill for children.

President Bush, you said that you would "lead an aggressive effort to enroll millions of poor children [in] the government's health insurance programs." That is the end of your quote. ... I happen to agree with your policy. I think this bill carries out your policy.

If this bill is vetoed--and this is what I would like to have the opponents concentrate on--if this bill is vetoed, if at the end of the day all we do is simply extend the program that has been in effect for 10 years, what will we have accomplished? Will adults be gone from this program who were not supposed to be included in it in the first place? No. Will States have a disincentive to cover parents? No. Will States be encouraged to cover low-income kids before higher income kids? No. Will the funding formula be fixed so States are not constantly challenged by funding shortfalls? No. And finally, will we have done anything to cover kids who don't have any coverage today? The answer is, again, no.

-- Senate Floor Statements - September 27, 2007

...the support of so many leading Republican senators indicates the strength of the bill and the success of the SCHIP program.

-- Press Release - September 27, 2007

Senate - September 27, 2007

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I say to the Senator from North Carolina who just completed, I am willing to work with him on all the goals he wants to do. Earlier in the writing of this legislation, back during the months of March, April, and May, we tried to get the White House to get some other Democrats involved and helping Senator *Wyden*, who wanted to go in that direction, and the White House couldn't deliver.

When it comes down to doing something all at once, or doing it in two separate pieces, sometimes you have to do it in two separate pieces. This is one of those issues. We have to do the Children's Health Insurance Program first and then I am going to join people like Senator *Burr*. Only I am going to be working in a bipartisan way with Senator *Wyden*, to see what we can do to take care of all of the uninsured in America.

We can do that. The President wants to do it. There are Democratic leaders who want to do it. Senator *Clinton* has come out with a program doing it through private health insurance. But we cannot do it on this bill. The people who have been talking for 6 months about doing it on this bill had an opportunity, when it was up in the Senate, to offer an alternative. For all their talk, for months, nothing was offered along the lines of what they wanted to do.

Don't come back complaining after we get a compromise between the House of Representatives and the Senate, and still complain, when you had a debate on this 2 months ago and you didn't have a plan to offer. You can't get anything passed in this Senate if you don't have it down on paper and offer it to us for consideration. But now, after this job is done, let's all get together and do it right. And we will do it right.

I want to spend my time talking about some of the misinformation that was spread about this bill when it was first considered in the Senate 2 months ago and is still being considered today, just as if the debate and all the explanations we gave two Mondays ago didn't make a bit of difference. So let's go through it again. Let's get very basic and let's say where the misinformation is wrong.

I am not here to embarrass any of my colleagues so I am not going to use any names. But yesterday a Member of my party took to the floor talking about this bill pending before the Senate. I wish to address some of those issues that were raised by my friend and colleague.

This colleague repeatedly referred to the Children's Health Insurance Program as leading to a national system of health care.

The goal here is to radically expand the size of a public insurance program to families that are really doing quite well, families making up to \$80,000 that may not have children, or the children may already be insured by the private sector because you want to move more people onto the public insurance system because you want to have a nationalized system.

I have one simple question to ask all the critics of this bill who, when confronted with the actual policies in this compromise, respond by shrieking: 80,000 income, \$80,000 income; and

that question is: If this bill became law tomorrow, how many families earning \$80,000 a year would be eligible for this Children's Health Insurance Program? And the answer is: None. None.

As they say in baseball: You can look it up.

I have one simple question to critics who, when asked to respond to what is actually in the black and white of this bill, react by screaming, as we heard in that quote I just gave: National health care, socialized medicine. And that question I ask those folks is this: Under what contorted reasoning is a capped block grant inclusive of policies that prohibit new waivers for parents, phase childless adults completely off of this children's program, and limit matching funding for higher income kids, nationalized health care? That is what this bill does. It takes care of problems that have developed over the last 10 years. There have been legitimate criticisms of it. It fixes those problems and doesn't do any of the things that people say are going to happen, such as families of \$80,000 being able to put their kids on this program.

You can call all of this rhetoric something. You can call it anything you want. But in Iowa you can't call a cow a chicken and have it be true.

I have some charts here I want people to see. This colleague of mine also referred yesterday to what is "budget gimmickry" about this legislation. I have this response to that colleague of mine. He said this yesterday, "There is the problem."

He was pointing to this chart that he had up at that time. Let me start the quote over again.

For example, there is the problem that there is a scam going on, a scam in this bill as to how it is paid for. You can see this chart I have in the Chamber. This reflects the increased costs of the bill as it goes forward. But, in order to make their own budget rules, which they claim so aggressively to be following, such as pay-go-- meaning pay as you go-- they have to take the program, in the year 2013, from a \$16 billion annual spending level down to essentially zero. In other words, they are zeroing out this program in the year 2013 that is called a scam.

I end the quote of my colleague.

I am a proud member of the Budget Committee. I think I know how the budget process works. I believe in fiscal discipline and spending restraints. I agree that even under a Republican-controlled Congress, spending got out of control. Part of the reason why Republicans lost control of the Congress last election is because we didn't show concern enough to control spending.

I believe part of the reason the President is threatening a veto of this bill is he is trying to play catchup for failing to veto 6 years of spending bills when Republicans controlled the Congress. I agree that fiscal discipline ought to be applied to spending bills and we should pay some attention to the level of spending and how spending is financed.

From that standpoint, let me focus on the criticism that has been made about how this Children's Health Insurance bill is financed. We need to step back, and in stepping back we need to look at the whole picture. The Children's Health Insurance Program is a pretty small part of that picture. The thing about the Children's Health Insurance Program is that it is not like Medicaid or Medicare. It is not a permanent program. This program expired after 10 years. We

are working on it now to reauthorize it. It will expire after 5 years. You never hear of Medicare or Medicaid expiring, sunseting, so it has to be reenacted. It has been going on for 43 years.

SCHIP, then, is not an entitlement and I have heard my colleagues recently refer to it as an entitlement.

Now, there were some who wanted to turn this Children's Health Insurance Program into an entitlement program. So it has been discussed, I admit. I am not one of those. And nobody in the Senate that I know of spoke that way. But the House bill would have lifted the cap on the national allotment for the Children's Health Insurance Program and extended the program forever.

The word "entitlement" may be applicable. I fought hard to maintain the block grant concept, the sunset concept--as has been the case since the program was started 10 years ago-- and to ensure that the program did expire so that in the future, Congress would be forced to reevaluate it and maybe improve or cut back, whatever the situation is 5 years from now, just as we have been doing this year with the sunset program.

So despite the best efforts of House Democrats, because in the House it is more partisan than the way we do business in the Senate, this is a bipartisan bill. Regardless of the best efforts of House Democrats under the compromise bill when the program expires, it truly ends. The day after the authorization ends, poof, no more Children's Health Insurance Program unless Congress reenacts it.

The Children's Health Insurance Program before us is an expiring program. So let me say that again. It is an expiring program. It is not an entitlement. Why do colleagues keep trying to fuzzy the debate by using words that are not applicable?

Well, I know most of us in this Chamber would no sooner let the Department of Defense expire then we would let the Children's Health Insurance Program expire. That is a simple fact. But that does not make it an entitlement any more than the Department of Defense programs are entitlements. Because it is an expiring program, it is subject then to a very particular budget rule that makes this chart not exactly intellectually honest.

The budget rule says the Congressional Budget Office must score future spending for programs based upon last year's program current authorization. So the baseline for the Children's Health Insurance Program right now, and for next year and next year, is \$5 billion. For the next 5 years, the baseline each of those years is \$5 billion, and also for the next 10 years. If you want to go beyond 5 years, and we do not do it in this bill, but sometimes the Congressional Budget Office does it, the baseline is still \$5 billion. It is actually \$5 billion a year forever as far as the Congressional Budget Office is concerned.

Does anyone in this Chamber think the budget rule governing the Children's Health Insurance Program is realistic? Well, it is obviously not. But that is the way the Congressional Budget Office does business around here. So let's not kid ourselves.

According to the Congressional Budget Office, over 1 million children would lose coverage if we simply reauthorized the Children's Health Insurance Program at the assumed baseline of \$5

billion a year. Now, I have never heard anybody around here saying they want to throw a million kids off of this program. So what do you do? You provide for where you are.

Well, you can throw them off if you want to, but I have not heard any of my colleagues, even the ones complaining about this bill, I have never heard them complain that we ought to throw 1 million kids off the program.

Who would go home and tell their constituents that they voted to do that? But over 1 million kids would lose coverage. That is not politically viable.

During the consideration of this Senate Finance Committee bill, there was a children's health insurance alternative that included an increase in the Children's Health Insurance Program by spending \$9 1/2 billion over 5 years.

Now, understand, the White House ought to hear that. Even Republicans in the Senate are telling the President: Your \$5 billion will not do what you want it to do. Those are even the Members who oppose the Finance bill, acknowledging that \$5 billion was not enough. Everyone knows the current baseline is not realistic, that it created a hole in the budget that had to be filled.

So what do we do? If you do not want to throw kids off, you fill that hole. It is that simple. We had to comply, though, with the budget rule. That is the way you have to do business around here. You get a point of order against your bill, and you have to have 60 votes to override it. So we did.

Do those budget rules make sense? Well, that is a question for the Budget Committee, not for our Finance Committee. The Budget Committee sets those rules, and they are not for the Finance Committee to change.

There is another budget rule the Finance Committee was required to follow. That rule is called pay-go, pay-as-you-go, which means that you raise revenue or cut spending someplace else to pay for the new things you are doing. It means the bill needs to cover its 6-year cost, and that makes sense. After all, this bill proposes new spending, and we should pay for it. And this bill does it. This bill complies with those budget rules. It complies with the pay-as-you-go requirement.

Now, the children's health reauthorization that we are debating is only a 5-year authorization. And, as I think everyone knows, the bill is paid for by an increase in the tobacco tax, just like the original CHIP bill was paid for when it was created by a Republican-controlled Congress 10 years ago.

Now, just like in 1997 when the Republicans did it, we had a problem with how the tobacco tax worked. The revenue from the cigarette tax is not growing as fast as health care costs grow. So that means the revenue raiser is not growing as fast as the costs of the program. So the Finance Committee did what it was required to do to comply with pay-go budget rules. The Finance Committee bill reduces children's health insurance funding to just below the funding that is in the current baseline.

That means the Finance Committee, in 5 years, will have the same problem we faced in putting this bill together today. They will have to come up with the funds to keep the program running, if that is what they decide to do 5 years from now.

We are covering even more low-income kids in this bill. That is a good thing. Assuming that Congress does not tackle the increasing problematic issue of health care costs across the board, as Senator *Burr* was begging us to do, the Finance Committee, in 5 years, will have a bigger hole to fill. They will have more kids to keep covering, and health care costs will be even higher than they are today. That is for the Finance Committee to face down the road 5 years.

That is just like the job the Finance Committee had today if we were going to continue the Children's Health Insurance Program beyond the 10-year sunset. So what I am saying is, this is really nothing new. Now, my friend and colleague whom I have been quoting all the time, a person for whom I have great admiration, has once again distorted the so-called cliff that he referred to on this chart. That is where the line goes down after the year 2012.

He has, once again, produced a chart that shows a dramatic decline in funding of the program. Here is the chart used to raise the issue about financing the compromised bill, which is largely the Senate Finance Committee bill. It shows only the funding in our bill.

The approach that this chart takes reminds me of the story of the seven blind men trying to describe an elephant. Each described different parts of the elephant: one the tusk, another one the tail, another one the ear, another one the leg, and none could describe the whole elephant. They could not see the whole picture. So we have to look at the whole picture.

As we all know, this program was created to supplement Medicaid. So I am going to show you the whole picture. You have to involve Medicaid. The goal of the program was to encourage States to provide coverage to uninsured children with incomes just above the Medicaid eligibility: Medicaid for the lowest income people, SCHIP to help lower income people who maybe could not afford private health insurance or their workplace did not have it.

So to put my colleague's concerns into perspective, we need to look at the whole picture. We need, and we should, look at SCHIP spending as it relates to Medicaid spending. I would like to draw your attention to this chart so everyone can fully appreciate the consequences of our SCHIP program that is a fiscal disaster to some of my friends, as you listen to the debate, the consequences of the SCHIP program in the context of the Medicaid Program which it supplements. So I want you to take a closer look.

Let's start with this tiny green line down to the bottom. That is the Children's Health Insurance Program under current law, the straight line across the bottom. I know we have to squint to see it. But that green line represents the Children's Health Insurance Program baseline under current law.

As I have already discussed, it is \$5 billion each year for the next 10 years, and maybe forever, depending on what Congress does in the future.

Now, let's look more closely and honestly at the actual problem we are facing. This massive orange area above that green line I just referred to is Medicaid for several years into the future, 10 years into the future. It is a lot bigger, isn't it, than the Children's Health Insurance Program?

Then, on top of that, we are looking to add what is in this bill, new spending for the Children's Health Insurance Program. The new spending is represented by that narrow blue line across the top there labeled "funding in the compromise agreement."

Again, you almost have to squint to see that blue line. And as you can clearly see then, costs are growing at a rapid pace overall. The overwhelming driver of the cost is not the relatively small increase of the blue line. And then the decline, you see a decline in that blue line on top in CHIP spending. That is just kind of a blip on the radar compared to the massive increase we see in Medicaid spending.

We have a big problem. It is not going to go away. But it is not the Children's Health Insurance Program. It is the entitlement program that SCHIP is not a part of because I made a point--10 times in the last 2 days--that this is not an entitlement, even though my colleagues still talk about entitlement. Where are they coming from? What planet? I don't know.

But entitlement spending is, in fact, ballooning out of control in future years if we do not act. We are going to struggle to keep these programs afloat. When you look at the whole picture, this whole picture, it puts things about the SCHIP program and the criticism of the SCHIP program in perspective. But the criticism is not justified.

Now, remember all of the fire and brimstone about the awful cliff on the chart that we had before, the awful cliff of this compromise bill? The way that it continues to be described, you would think the world is about to end. And now looking at the big picture, where exactly is that cliff, you might ask? Again, you will have to squint to see that cliff. That cliff starts downward after the year 2012. So you saw on the previous chart, you see that big dropoff. That is what I raise about the intellectual accuracy of that chart. OK?

If we go back to the other chart and look at the real program, that is how it goes down a little bit after 2012. It is not that dramatic compared to what we are doing on Medicaid. You can see how this debate has tried to distort what we are accomplishing.

So this little blue line is what this debate is all about. This little blue line is the funding in the compromise agreement. This little blue line is what all the fuss is about. It seems like a whole lot of hollering is going on over a dip that is hard to even see.

Let me tell you what the compromise agreement and this little blue line is not. This is not, as some people want us to believe, a government takeover of health care. This little blue line is not socialized medicine or nationalized medicine or anything like that. This little blue line is not bringing the Canadian health care system to America. That little blue line is not the end of the world that we know. To suggest that this little blue line and this tiny dip we see after the year 2012 is the dismantling of the U.S. health care system borders on hysteria.

While I concede that allotments under our bill in the years beyond the 5-year reauthorization in this legislation do behave as described in my friend's chart, the one with the big dropoff, I don't think it warrants the heated rhetoric we are hearing today and yesterday. SCHIP is not a real fiscal problem. The problem is that issue nobody wants to talk about. What are we going to do about entitlements? Nobody has political guts enough to agree with it, but they want to put this Children's Health Insurance Program on the same par as those Medicaid issues.

My friend I have been quoting all day and I worked together a year ago, now maybe 2 years ago, on the Deficit Reduction Act, to try to rein in this egregious Medicaid spending. I am proud of the work we did. He praised me so much 2 years ago for the heavy lifting I did for the entire Senate on saving some money--I should say Senate Republicans for saving some money--but how times have changed. We also found out how hard it is, at the time of the Deficit Reduction Act, to dial back entitlement spending. Even in a Republican-controlled Congress and even with the special procedural protections of reconciliation, we only succeeded in shaving \$26 billion off that orange part of the chart. The problem of entitlement spending is still out there, and SCHIP is like a pimple on an elephant compared to the elephant that Social Security, Medicare, and Medicaid are.

I am very hopeful that once we are done with the CHIP debate, we can roll up our sleeves and get down to the business of tackling health care reform on a much larger scale, as Senator *Byrd* referred to, and I have referred to Senator *Wyden* from Oregon working on it over a long period of time. I know Senator *Wyden* wants to take this on, and I am going to join him in that bipartisan effort.

As I have said many times, I had hoped we could have used this debate on SCHIP to focus on these larger issues of health care reform and helping the uninsured. I tried to engage my colleagues on the other side. I was repeatedly thwarted in that effort and told that SCHIP had to get done first. Well, hopefully we can get SCHIP done and then turn to the bigger issues so the next time the Congress has to tackle the Children's Health Insurance Program, this big orange block would not be so huge.

Before closing, another criticism we had of this bill in the last debate 2 or 3 months ago was this. I will quote Senator *Lott*. I don't think he will mind my using his name. He was quoted on July 31: The House is going to pass a bill at what, maybe \$80, \$90, \$100 billion, paid for by taking money away from Medicare beneficiaries. We go on conference, what will happen? What always happens. You split the difference. We are at 60. They are at 90. How about \$75 billion. How is that going to be paid for? Is it going to be paid for by cutting benefits for the elderly or raising taxes of all kinds?

Well, it is paid for the same way we paid for it on July 31, 2007, with the tobacco tax, not by Medicare money.

He went on to say: I fear what is going to happen in conference. I don't know. Maybe the Senator from Montana and Senator *Grassley* can sit there and say: Oh, no, no, no, we are not going above what we passed in the Senate. But I think the reverse is going to be true. This is the base. The \$60 billion is the beginning.

Where did we come out? Exactly where Senator *Baucus* and I told the Senate we were going to come out. We came out with the \$35 billion that passed this body. So all those people who are worried about the position of the Senate being lost in conference by Senator *Baucus* and I representing the Senate--and let's say Senator *Rockefeller* and Senator *Hatch* as well--would you please tell me you were wrong?

I yield the floor.

Senate - September 27, 2007

Mr. GRASSLEY. Mr. President, since the Senate passed the bill the first time, the subject of "crowd-out" has become a lot more important in this debate.

Crowd-out is the substitution of public coverage for private coverage. Crowd-out occurs in CHIP because the CHIP benefit is very attractive and there is no penalty for refusing private coverage if you are eligible for public coverage.

On August 17, CMS put out a letter giving States new instructions on how to address crowd-out.

I appreciate the administration's willingness to engage on the issue. I think they have some very good ideas. But I also think there are some flaws in their policy.

States are supposed to cover 95 percent of the low-income kids. But it has been a month since they issued the letter and CMS still cannot explain what data States should be using.

Personally, I think CMS should have answers before they issue policies. And if they still can't a month later, I believe, as the saying goes, they obviously aren't ready for prime time.

So the compromise bill replaces the CMS letter with a more thoughtful, reasonable approach.

The Government Accountability Office and the Institute of Medicine would produce analyses on the most accurate and reliable way to measure the rate of public and private insurance coverage and on best practices by States in addressing crowd-out.

Following these two reports, the Secretary, in consultation with States, will develop crowd-out best practices recommendations for the States to consider and develop a uniform set of data points for States to track and report on coverage of children below 200 percent FPL and on crowd-out.

Next, States that extend CHIP coverage to children above 300 percent FPL must submit to the Secretary a State plan amendment describing how they will address crowd-out for this population, incorporating the best practices recommended by the Secretary.

After October 1, 2010, Federal matching payments are not permitted to States that cover children whose family incomes exceed 300 percent of poverty if the State does not meet a target for the percentage of children at or below 200 percent of poverty enrolled in CHIP.

Simply put, cover your low-income kids or you get no money to cover higher income kids.

Now I know some people are obsessed with the State of New York and their and their efforts to cover kids up to 400 percent of poverty.

It seems to come up in the talking points of every person who speaks out against our bill. This bill does not allow any State to go to 400 percent of poverty.

In fact, the bill makes it very difficult for any State to go above 300 percent of poverty; it will make it very difficult for New Jersey, the only State currently covering kids above 300 percent, to continue to do so if they don't do a better job of covering low-income kids.

If you are concerned about the State of New York, don't waste your time looking at this bill. You will not find answers to New York's fate here.

The answer is where it has always been--in the office of HHS Secretary Mike Leavitt. Only he has the authority to allow any State to cover children up to 400 percent of poverty. This bill does nothing to change that authority. It is up to the Secretary.

I heartily encourage those of you who haven't to read the bill. It is all there in black and white.

Senate - September 27, 2007

Mr. GRASSLEY. Mr. President, I think we are ready for closing comments by me as ranking member and Senator *Baucus* as chairman of the committee. Then we will be done with the debate on SCHIP.

Mr. President, first, I thank my colleagues for supporting the vote to move to the consideration of the children's health insurance reauthorization bill so we could avoid a lot of turmoil over getting here where we are to get the business done because I think everybody knows how this is going to turn out.

I appreciate the leadership of Senator *Reid* because he was an honest broker in helping the House to understand what needed to be done in the Senate, and he held a lot of meetings on this subject.

I thank my good friend, the chairman of the committee, the Senator from Montana, Mr. *Baucus*, for his leadership in forging this compromise in a bipartisan way.

I also have to recognize people who sat in on a lot of these meetings and worked hard and are part of this compromise: Senator *Hatch* and Senator *Rockefeller*. In particular, Senator *Hatch* has been a stalwart through this process because he was the leader in creating the Children's Health Insurance Program when it was first inaugurated 10 years ago. The continued leadership he showed was very good and necessary.

I realize some in the majority want to do more than we do in this compromise. I know it wasn't easy for those on the other side of the aisle to convince some of their colleagues that this was the right course. But we have a bipartisan bill in the Senate, and now we have a bill with strong bipartisan support in the House of Representatives. We picked up a massive number of Republicans who did not vote for it the first time in the House of Representatives.

Currently, the SCHIP program covers kids at incomes far beyond what was considered low income in the original statute. It covers parents and, in some States, it even covers childless adults. With this reauthorization, this program will return to its original concept: helping the

lowest income kids and not helping adults as the program evolved beyond the perceptions that were there 10 years ago when this bill was written.

Childless adults who are presently on the program will be phased out completely because this is a children's program, it is not an adults program. States will not be able to get enhanced Federal funds if they decide to cover parents. States will only be able to cover higher income kids if they demonstrate that they took care of the purpose of this legislation, which is to take care of the lowest income kids first.

Every financial incentive in this bill discourages States from spending a penny to cover anyone other than low-income children. And all the financial incentives are entirely focused on the lowest income children. All the rhetoric to the contrary notwithstanding, this bill does not expand the program to middle-income families. It refocuses the program on the lowest income children.

Some of the speeches I have heard on the Senate floor, I wonder what good does it do to make these points over and over because it is just that some of my colleagues on the Republican side of the aisle don't read this bill, don't care what we say. This bill does what they think it does, even if it doesn't do it, and they say that on the Senate floor. Those who say otherwise than what I just said have not read the bill. This bipartisan compromise provides coverage for more than 3 million children who are without coverage today.

In closing, I encourage my Republican colleagues to think long and hard about what I said as this debate began and throughout this debate. If this bill is vetoed--and this is what I would like to have the opponents concentrate on--if this bill is vetoed, if at the end of the day all we do is simply extend the program that has been in effect for 10 years, what will we have accomplished? Will adults be gone from this program who were not supposed to be included in it in the first place? No. Will States have a disincentive to cover parents? No. Will States be encouraged to cover low-income kids before higher income kids? No. Will the funding formula be fixed so States are not constantly challenged by funding shortfalls? No. And finally, will we have done anything to cover kids who don't have any coverage today? The answer is, again, no.

I quoted the President making a promise at the Republican Convention in New York. I did that yesterday. I want to state again what the President said. You can't say it too many times. I hope at some time the President remembers what he said:

We will lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for the government's health insurance programs.

An extension of law, which is what is going to happen if the President vetoes this bill, will not carry out what the President said at the Republican Convention in New York in 2004.

Faced with that, your answer today on this bill, Mr. President of the United States, should be yes. This bill gets the job done that you said in New York City you wanted to do.

I hope the President's answer will be yes because if he doesn't veto this bill, then we will do those things he said he wanted to do. It will help more than 3 million low-income, uninsured children. About half of the new money is just to keep the program running. The rest of the new money goes to cover more low-income children.

It provides better options for families to afford employer coverage.

It takes even more steps to address crowdouts, so we don't move people from private insurance to government-funded insurance.

It phases adults out of the program because this is a children's program, it is not an adults program.

It discourages States from covering higher income kids.

It rewards States that cover more of the lowest income kids.

It puts the lowest income children first in line for coverage.

Here is what the bill does not do:

It is not a government takeover of the health care system.

It does not undermine our immigration policy.

It is not expanding the program to cover high-income kids.

It is not everything that people on my side of the aisle said it is in debate on the floor of the Senate. It is, in fact, a good bill. It is a compromise. I urge my colleagues to support this bill for kids.

I yield the floor.

Senate - September 26, 2007

Mr. GRASSLEY. Mr. President, soon the Senate will be debating the Children's Health Insurance Program. I might refer to that from time to time as CHIP, C-H-I-P, Children's Health Insurance Program.

This program is sunseting in a week. The program was started 10 years ago, a product of a Republican-led Congress. It is a targeted program. It is a program designed to provide affordable health coverage for low-income children of working families. Those are families, working families, who make too much to qualify for Medicaid but struggle to afford private insurance and may not even have it.

Last July, because this program has to be reauthorized right now, the Senate Finance Committee reported bipartisan legislation to enhance and improve CHIP by a strong vote of 17 to 4.

In August, the Senate passed the Finance bill with the same bipartisan support by a vote of 68 to 31. On Tuesday, 265 Members of the House of Representatives voted for the bill that now will be before the Senate. That bill is a product of informal conferencing between the House and Senate. Clearly, we have a bill with strong bipartisan support. I want to emphasize that because

this is the way the Senate Finance Committee has operated over a long period of time, both with Republicans in control and Democrats in control. Senator *Baucus* worked very closely with me when we were in the majority. Senator *Baucus* has continued that working relationship now that Democrats control the Congress and he is chairman of the committee. I welcome and appreciate that bipartisan leadership. It is obviously represented in this product that will soon be before the Senate.

This legislation maintains the fundamental provisions of the Senate. I want to emphasize that it maintains the fundamental provisions of the Senate bill not to denigrate the work of the House of Representatives but as a reflection of the fact that we had to work out something that would not be filibustered in the Senate. In the House of Representatives they don't have such provisions for filibuster. The House had some deference to the Senate. I appreciate that. But I also appreciate the fact that a lot of my colleagues--and these are Republican colleagues to whom I refer, not Democratic colleagues--said so often during the months of consideration of this bill before we finally passed it the first time that this \$35 billion didn't mean much that we passed in the Senate because the House of Representatives passed a \$50 billion CHIP bill and it would come back much bigger. I tried to say to my colleagues at that particular time that there would have to be a realization that if we were going to avoid a filibuster in the Senate, we would have to have something closer to the Senate provisions than the House. So I emphasize that this is pretty much the legislation the Senate originally passed, albeit right now it is a compromise between the House and Senate. There was a cap on new spending of \$35 billion. There are no Medicare provisions in this bill as there were in the Senate bill. Spending is paid for by an increase in the cigarette tax. I commend the majority in the House and Senate for cooperating with Senate Republicans and for working with us on our priorities during the negotiations that led to this agreement. This compromise agreement is consistent with the principles we put forth in the Senate bill.

Senate - September 26, 2007

Mr. GRASSLEY. Mr. President, before the distinguished Senate majority leader leaves, I thank him for those very kind remarks. I also want to recognize him. Without his being an honest broker as an intermediary between the House and the Senate, particularly among Democrats, I don't think we would be here either. I appreciate that very much. As a person who has worked hard on this for 4 months, it wouldn't have happened without the Senate majority leader as well. I thank him very much.

Getting back to the bill, I want to explain that this is fundamentally the Senate bill. We had a cap on new spending at \$35 billion. That is where the Senate was. The Senate didn't have any Medicare provisions in their bill. The House did. We didn't have any in our bill, the House had Medicare provisions in theirs. Those are dropped out. There is a lot of Medicare provisions that we must act on, but Senator *Baucus* and I want to do that as separate pieces of legislation. We will do that, and we have committed to the House to do that.

Spending is paid for by an increase in the cigarette tax. That is similar in both the House and Senate. I do want to commend the majority in the House and Senate for cooperating with Senate Republicans and for working with our priorities during the negotiations that led to this agreement. This compromise agreement is consistent with principles that we put forth in the Senate bill. I made clear during the debate on the bipartisan Senate bill before we originally

passed it that the Senate went as far as I was willing to go in terms of spending and politics. It makes sense that we stayed true to the Senate bill. The Senate, after all, had a veto-proof majority. So it made sense to stay as close as possible to that successful formula, if the President would go through with his statement of veto and actually veto it.

The legislation before this body maintains all of the key policy provisions of the Senate-passed bill. This bipartisan bill refocuses the program on low-income children. It phases adults off the program. It prohibits a new waiver for parent coverage. It reduces the Federal match rate for States that cover parents. It includes new improvements to reduce the substitution of public coverage for private coverage. This compromise bill maintains the focus on low-income uninsured children and adds coverage for more than 3 million low-income children.

The compromise bill discourages States from covering higher income kids by reducing the Federal matching rate for States that wish to expand eligibility over 300 percent of Federal poverty limits. It rewards States that cover more low-income kids by providing targeted incentives to States that increase enrollment for coverage of low-income kids. So there is a very clear message to the States, all 50 States: Cover your poorest kids, meaning your kids from low-income families, first. Don't spend money on childless adults, as we heard so often during the debate. The word CHIP has no A in it. It is for children, not adults. Don't spend money on parents unless you can prove you are covering low-income kids. Don't spend money on higher income kids unless you can prove that your State is covering your lower income kids first. It is all there in black and white. Everybody can read it.

I get a sense, talking to some of my colleagues, that they haven't read what we are going to be voting on. Anyone who suggests this bill is an expansion to higher income kids or other populations, as has been done under some waivers given by the Bush administration, is simply not reading the bill.

Since the Senate passed a bill the first time, the subject of crowdout has become a lot more important in the debate. I want to define the word "crowdout." That is the substitution of public coverage for people who were previously in private insurance, individual or corporate, health care policies. Crowdout occurs in CHIP because the CHIP benefit is attractive and there is no penalty for refusing private coverage if you are eligible for public coverage.

On August 17, the Center for Medicare and Medicaid Services put out a letter giving States new instructions on how to address the crowdout, trying to stop going from private coverage to the CHIP program. I appreciate the administration's willingness to engage this issue. They have some very good ideas. But I also think there are some flaws in that policy stated on August 17 by the Secretary of HHS. States are supposed to cover 95 percent of the lowest income kids under that policy statement. But it has been a month since they have issued the policy statement, and CMS still cannot explain what data States should be using to make that determination about 95 percent. Personally, I believe CMS should have answers before they issue policies. If they still can't explain how it works a month later, I believe, as the saying goes, they obviously aren't ready for prime time. So the compromise bill that is before the Senate and passed the House last night replaces the CMS letter with a more thoughtful, reasonable approach.

The Government Accountability Office and the Institute of Medicine would produce analyses on the most accurate and reliable way to measure the rate of public and private insurance coverage and on best practices by States that they would take to address crowdout problems

because we don't want to create a public program that moves people from one private coverage to the other. That has happened to some extent over the last few years. We don't want to go further. This deals with that problem. We want to talk about people who don't have any health coverage rather than moving people from private to public.

Following the two reports that are referred to by the Institute of Medicine, as well as the Government Accountability Office, the Secretary, in consultation with the States, under this bill will develop crowdout best practices recommendations for the States to consider and develop a uniform set of data points for States to track and report on coverage of children below 200 percent of Federal poverty guidelines and on crowdout.

Next, States that extend CHIP coverage to children above 300 percent FPL must submit to the Secretary a State plan amendment describing how they will address crowdout for this population, encouraging the best practices recommended by the Secretary to limit moving people from private coverage to public. After October 1, 2010, Federal matching payments will not be permitted to States that cover children whose families' income exceeds 300 percent of poverty, if the State does not meet a target for the percentage of children at or below 200 percent of poverty enrolled in CHIP because we want the emphasis upon low-income children being covered. And at the lower income level, less have to have insurance in the private sector as opposed to higher income people maybe having to have that.

So, simply put, cover lower income kids first or the State does not get money to cover higher income kids.

Now, I know some people are obsessed with the State of New York in their efforts to cover kids up to 400 percent of poverty. It seems to come up in the talking points of every person who is against the legislation now before the Senate. This bill does not change the CHIP eligibility rules in any way--not one bit. This bill does not expand the CHIP program to cover middle-income families or higher income kids. It does not do it. The bill actually goes in the other direction. The real fact is the bill makes it very difficult for any State to go above 300 percent of poverty. It will make it very difficult for New Jersey, the only State currently covering kids above 300 percent of poverty, to continue to do so if they do not do a better job of covering low-income kids.

If you are concerned about the State of New York, well, do not waste your time looking at this bill. You will not find answers to New York's fate here in this legislation. The answer is where it has always been--in the office of the Secretary of HHS, Mike Leavitt. Only he has the authority to allow any State to cover children up to 400 percent of poverty. The authority to approve what States do with the CHIP program rests with him and no one else. This bill does nothing to change that authority. That is a fact. I heartily encourage those of you who have not read the bill and are talking along this line to read the bill. You will find out that what I have just said is a fact. It is all there in black and white.

I also want to say a few words about the President's position on this bill and speak directly to the President, as I spoke to him on the phone at 10 minutes to 9 last Thursday about why he should not veto this bill.

Mr. President, it is unfortunate that you are not--or at least there are words out that you are not--going to support this bill, that you might veto it. I would hope, Mr. President, that you would

reconsider. I would hope that you would sign this bill. President Bush, you yourself made a commitment to covering more children. I could quote several times you have said this. But I will go back to something I heard you say personally. It was during the Republican National Convention in New York City. Mr. President, you were very firm on this point. Here is what you said. I want to quote what you said:

America's children must also have a healthy start in life. In a new term, we will lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for the government's health insurance programs. We will not allow a lack of attention or information to stand between these children and the health care they need.

So, Mr. President, that is what you said back at the Republican Convention. You were reelected. You have a lot of mandates you are trying to carry out. This Republican Senator is trying to help you carry out that mandate you were elected on based on that speech you made.

I think that you, Mr. President, were pretty clear in your convictions then. I would like to repeat your words because I think they are very important. President Bush, you said that you would "lead an aggressive effort to enroll millions of poor children [in] the government's health insurance programs." That is the end of your quote. I am happy to make sure we fulfill that commitment you made, President Bush, but I believe your current budget, where you suggested \$5 billion more, does not do the job. I happen to agree with your policy. I think this bill carries out your policy. But I do not think, President Bush, this bill can do that. You obviously cannot do that for the \$5 billion more you have in your bill.

The Congressional Budget Office reports that your budget proposal, President Bush, for SCHIP for fiscal year 2008 would result in a loss of coverage--not an increase of coverage that you say you want--a loss of coverage of 1.4 million children and pregnant women. Increasing the numbers of uninsured children is clearly not the goal you expressed or what we want to accomplish in our legislation. So we carry out the policies of covering the kids you want to cover with the amount of money that will do it. That is what we have done in this legislation before us.

Now, this bill does not warrant the overheated rhetoric we heard in the House last night.

I want to say to the President--before I get on to the point about what was said in the House last night--also, the President has another policy he wanted to work into this SCHIP reauthorization. He wanted to use the private sector and use the tax deductibility of individual policies to cover some--and even a great amount--of uninsured people. He thought the SCHIP bill would be a vehicle to do that. I agree with the President's policy on doing that.

There was a period of time--during February, March, and April--that we were negotiating with the White House when I said I thought very much what Senator *Wyden* of Oregon was trying to do--and the Senator is on the floor--was worthy of doing. I asked the White House would they try to find some help for me and Senator *Wyden*, that maybe we could do this. They did not find any support for that. They still say they want to do that, but sometime along April or May, we had to make a decision here. Were we going to do what the President wanted to do on SCHIP? So we could not do what the White House wanted to do through the private sector as part of SCHIP, so in order to negotiate a bipartisan agreement, we had to forget that aspect. But I promised the White House all the time that I was going to be working for those goals of covering

the uninsured through tax deductibility of individual policies, as Senator *Wyden* has suggested, and get universal coverage, even, if we can. I am still committed to that.

I spoke to the President of the United States about that last Thursday when I was on the phone with him. I said: Let's get this SCHIP behind us. And I am going to join Senator *Wyden* in his effort to do it so we can get bipartisanship started on that issue, as well as what we have on SCHIP.

So I am asking President Bush: Won't you please consider signing this bill, and then let Senator *Wyden* and me work with you on trying to take care of the 47 million people who do not have health insurance--do it through the private sector, do it through the tax deductibility of policies like that.

We even had Senator *Clinton*, in her statement in Iowa, in her campaign for the Presidency, speak along the same efforts of using tax deductibility of private insurance to take care of medical problems generally but mostly the problems of the uninsured.

So I think we can move in ways of accomplishing what the President wants to accomplish, but it just could not be done on the SCHIP. So you have to do what you have to do around here. If it takes two steps to get the job done, you do it. So I want everybody to know I am not abandoning any efforts to take care of the uninsured. I am going to work with Senator *Wyden* on that.

Now, if I could go to the debate, the overheated rhetoric we had last night in the House. This is a bill which improves coverage for kids who are poor. This bill does not make it easier for illegal immigrants to get benefits. I do not know how that comes up, but that red herring has been going on over the last 24 hours, and somehow people believe anything they are told. Here is a case of reading the bill again. The bill clearly states that funds cannot go to illegal immigrants.

The desperate efforts I heard on the House side to suggest this bill makes it easier for illegal immigrants to get benefits simply strains credibility. The bill does not extend eligibility for illegal immigrant children or pregnant women. I heard that.

The bill does not make CHIP an entitlement. Now, we all know what the definition of "entitlement" is. That was thrown out in the debate in the Senate 2 months ago when we had this bill up. An entitlement is something that, if you qualify for it, you get it, and the money comes from the Federal Treasury, and there is no limit on the amount of money. That is an entitlement. This is a specific amount of money which is going to be spent on this program. Not one dollar more can be spent. This is not an entitlement. Even as recently as a meeting I was in within the last 4 hours, among a mass of my colleagues, that argument was used. I do not know how intellectually dishonest you can be. You are a Member of the U.S. Senate. You know what the language of Government is. Maybe the people at the grassroots do not think of entitlements the way we do. They do not think of programs, appropriated accounts the way we do. But everybody who has been around this Senate a few months knows what those things are. And to call this program an entitlement is intellectually dishonest.

This bill is not a Government takeover of health care, either. And you heard that. This bill is not socialized medicine. Screaming "socialized medicine" during a health care debate is like shouting "fire" in a crowded theater. It is intended to cause hysteria that diverts people from reading the bill, looking at the facts.

To those of you, my colleagues, who make such outlandish accusations, I say: Go shout "fire" somewhere else. Serious people are trying to get real work done. Now is the time to get this work done.

I appreciate very much the leadership Chairman *Baucus* has provided. I thank him and Senator *Rockefeller* for what they did to reach a bipartisan agreement because they gave as much as Senator *Hatch* and I gave as we were negotiating--the four of us--for this bipartisan agreement.

I also extend a sincere thanks to Senator *Hatch*, who is on the floor with me, for being a part of this effort. Senator *Hatch* was the main Republican sponsor of this bill 10 years ago, creating the State Children's Health Insurance Program. His commitment to the ideals and fundamentals of the program is steadfast, and the program is better for it.

When we began the debate on CHIP, I wrote down some principles I want to refer to--principles I gave my staff that I believed in that I thought were accomplishable goals in this reauthorization.

I probably wrote these down--well, anyway, I will refer to them. But I wrote these principles down in my own handwriting and handed them to my staff and said this is how I think we ought to proceed with the negotiations on the CHIP bill. I am not going to go through and read it line by line, but this is what I wrote down sometime back in February, and I am going to refer to some of these without holding this paper up again.

Here are some highlights of these principles I wrote down entitled "Principles on SCHIP and How They Compare to The Bill."

It cannot be a middle-class entitlement, I said. This bill is not an entitlement. It must be paid for. This bill is paid for.

Another principle I wrote down is that it must be focused on families below 200 percent of Federal poverty level. This bill is focused on those low-income families.

Another principle: Kids should be covered before adults. This bill clearly makes that a requirement.

Another thing I said is the program should be capped--not an open-ended entitlement to States. The program continues to be capped in this bill.

I am here to say that my principles remain intact in this compromise document; therefore, I support the compromise bill and I urge my colleagues to do the same.

I yield the floor.

September 28th, 2007 **S-CHIP PASSES SENATE, IOWA'S HAWK-I PROGRAM
WOULD BENEFIT**

Washington, D.C. – Leaders of the Senate Finance Committee tonight applauded final and veto-proof Senate passage, 67-29, of the Children’s Health Insurance Program (CHIP) Reauthorization Act. CHIP provides health coverage to American children whose parents do not qualify for Medicaid, but can’t afford private insurance. The bipartisan, bicameral agreement to renew CHIP will bring health coverage to approximately ten million children in need – preserving coverage for all 6.6 million children currently covered, and reaching millions more low-income, uninsured American children in the next five years. Finance Chairman Max Baucus (D-Mont.), Finance Ranking Republican Chuck Grassley (R-Iowa), Health Subcommittee Chairman Jay Rockefeller (D-W.Va.), and Health Subcommittee Ranking Republican Orrin Hatch (R-Utah) were the chief architects of the final bill.

“The Congress has done its job for America’s kids. But this is not our victory. It is a victory for kids in my home state of Montana, and for kids across the country who need the Children’s Health Insurance Program,” said Baucus. “As the President considers this legislation, I hope he thinks about the millions of American children who will continue to go without doctor’s visits and needed medicines if he fails to sign this bill. There is still time for the President to open his heart and let children have this health coverage. With my colleagues on both sides of the aisle and of the Capitol, I urge the President to sign this bill.”

“The legislation gets the children’s health insurance program back on track by making states enroll low-income children and cutting off adult coverage. About half the new money is just to keep the program running for the kids already on it. The rest goes to enroll more than 3 million new kids. The compromise bill we voted on today kept all the key provisions of the Senate bill, including a cap on new spending of \$35 billion. The legislation sunsets in five years. The support of 18 Senate Republicans for the bill is testament to the strength of the bill and the success of the program. A lot of misinformation has been spread about this bill. But in Iowa, you can’t call a cow a chicken and have it be true,” Grassley said. “Along with keeping SCHIP going, Congress needs to pass tax incentives to help more low-income families get health insurance, and I’ll be working on those policies this year with Republicans and Democrats in the United States Senate.”

“For more than a decade, CHIP has been providing our nation’s children with necessary, and sometimes life-saving, healthcare. It’s vitally important that we continue to build off that success. The bill that passed today will do that, and allow us to reach millions more children,” Rockefeller said.

“Unfortunately, the President is threatening to veto CHIP because he believes it covers too many children and is too expensive. The reality is that CHIP is the most cost-effective, public-private health insurance program ever. The President is squarely on the wrong side of the issue, and I’m prepared to keep sending this bill back to him again and again until he finally does the right thing for our children.”

“The CHIP program works for America’s children. Because of this legislation six million children are receiving the health care they need to become healthy, productive citizens. When something works we must do everything in our power to continue its success,” said Hatch. “The bill we voted on today is a good compromise that addresses viewpoints from both sides of the aisle in the Senate, and between the House and the Senate. If this bill passes and the President lets it stand, we can help four million more of our nation’s children. This is what it is all about – helping those who cannot help themselves.”

The President has threatened repeatedly to veto the bipartisan, bicameral agreement to bring health care to millions of American children through the Children’s Health Insurance Program. The Senators said today that if the President does not change his mind, they will help to lead the effort to override that veto. A procedural vote in the Senate earlier today with all supporters present yielded 69 votes for the bill.

A summary of the legislation is available on the Finance Committee website at <http://finance.senate.gov/press/Bpress/2007press/prb092407.pdf>. Additional information is also available at <http://finance.senate.gov/press/Bpress/2007press/prb092507c.pdf>.

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September 27th, 2007 **REPUBLICAN SENATORS SUPPORT CHILDREN'S HEALTH INSURANCE PROGRAM**

WASHINGTON — Sens. Chuck Grassley and Orrin Hatch said there is significant support among Republicans for bicameral legislation to reauthorize the children's health insurance program.

The Children's Health Insurance Program Reauthorization Act under consideration today maintains all of the key policy provisions of the bill passed by the Senate in August, including a cap on new spending of \$35 billion.

Grassley and Hatch helped to draft the legislation as Ranking Member of the Senate Committee on Finance and Ranking Member of the Finance Subcommittee on Health Care. They said the support of so many leading Republican senators indicates the strength of the bill and the success of the SCHIP program.

Supporters said:

"It is critical that we not let SCHIP expire and that we extend the program to cover additional low-income children. I urge my Senate colleagues to approve this vital legislation by a veto-proof margin. This program simply cannot be allowed to expire," said Sen. Susan Collins of Maine.

"While some may mistakenly characterize S-CHIP coverage as a welfare benefit, what they may not realize is that nearly 90 percent of uninsured children come from families where at least one parent is working. Today, fewer than half of parents in families earning less than \$40,000 a year are offered health insurance through their employer—a nine percent drop since 1997. S-CHIP has proved to be both a successful program and a saving grace for millions of American families who otherwise simply could not afford to pay for their children's health care. Compromise on both sides of the aisle helped us create this program ten years ago and hopefully a renewed sense of bipartisan commitment will help us successfully reauthorize this vital program today," Sen. Olympia Snowe of Maine.

"This bill marries good policy with good health care common-sense by funding a vital program for kids and discouraging smoking among our youth. We have found a workable solution to get coverage to those kids in need without over-extending the goals of the program. It would be irresponsible of the White House to veto this bill and deny millions of kids their chance at a healthy childhood," said Sen. Gordon Smith of Oregon.

"I am proud to support this important bill, which will provide health insurance coverage to approximately 4 million more children who would otherwise be uninsured. I'm glad my

colleagues and I were able to put politics aside and do what is right for these children,” said Sen. Pat Roberts of Kansas.

“SCHIP is an important program to New Hampshire, providing health care coverage to thousands of lower-income children that would otherwise go uninsured. Months ago, I made a commitment to support reauthorization. I followed through by backing the Senate bill in August and will do so again when the final bill reaches the floor. House and Senate negotiators took the right step in rejecting drastic and unacceptable cuts to Medicare in the original House-passed legislation – a measure that would have jeopardized millions in funding to New Hampshire’s hospitals and nursing homes and would have all but eliminated the Medicare Advantage program that provides health care to more than 3,000 New Hampshire seniors,” said Sen. John Sununu of New Hampshire.

“New Mexico has a persistent problem with uninsured children. I helped create SCHIP as part of the 1997 Balanced Budget Act. My commitment to children’s health care remains firm today, and I believe this compromise SCHIP reauthorization bill should be enacted. The program has been a success. The number of children without health coverage has declined but the need for this program remains,” said Sen. Pete Domenici of New Mexico.

“The Children’s Health Insurance Program extends vital health care coverage to one of the most vulnerable segments of our population – low income children. Until we in Congress can agree on how to address the future of our nation’s health care policies, programs like the child health insurance program are needed to ensure that these children are not left out,” said Sen. Lisa Murkowski of Alaska.

“This is about doing the right thing for families and ensuring access to health insurance for children who need it most. Passing an SCHIP bill is vital to Minnesota’s efforts to provide coverage for the state’s 80,000 uninsured children. This bill represents a sensible, bipartisan compromise, and I strongly encourage the President to sign it into law,” said Sen. Norm Coleman of Minnesota.

“We know that thousands of Alaska’s children have no health insurance. The passage of the SCHIP reauthorization bill is a first step in covering them. It ensures that one of our State’s most important programs – Denali KidCare – receives the necessary funds to deliver basic prevention and treatment services. Routine visits to doctors and dentists, substance abuse treatment, and essential prescription drugs can all be made available to our children and teens thanks to this funding,” said Sen. Ted Stevens of Alaska.

“The CHIP program works for’s children. Because of this legislation six million children are receiving the health care they need to become healthy, productive citizens. When something works we must do everything in our power to continue its success. The bill we voted on today is a good compromise that addresses viewpoints from both sides of the aisle in the Senate, and between the House and the Senate. If this bill passes and the President lets it stand, we can help four million more of our nation’s children. This is what it is all about – helping those who cannot help themselves,” Hatch said.

“The legislation gets the children’s health insurance back on track by making states enroll low-income children and cutting off adult coverage. About half the new money is just to keep the program running for the kids already on it. The rest goes to enroll as many as 4 million new kids,” Grassley said.

Floor Statement of Senator Chuck Grassley on

September 27th, 2007

Floor Statement of U.S. Senator Chuck Grassley of Iowa

Ranking Member of the Committee on Finance

Senate Passage of the Children's Health Insurance Program Reauthorization Act

Thursday, September 27, 2007

Mr. President, the Congress is poised to pass the reauthorization and improvement of the children's health insurance bill on a substantial bipartisan basis. In the House of Representatives, 40 Republicans who had voted against the House bill voted in support of this compromise bill. The Senate is, once again, poised to pass this bill with strong bipartisan support. This is a bipartisan compromise. It has broad support from Republicans and Democrats. It will help as many as 4 million low income uninsured children. About half the new money is just to keep the program running. The rest of the new money goes to cover more low income children. It provides better options for families to afford employer coverage. It takes even more steps to address crowd out. It phases adults out of the program. It discourages states from covering higher income kids. It rewards states that cover more of the lowest income kids. It puts the lowest income children first in line.

Here's what it's not: It's not a government takeover of the health system. It does not undermine immigration policy. It's not expanding the program to cover high income kids. It's a good bill. I urge my colleagues to support this important bill for children.

Yesterday, the Ranking Member of Senate Budget Committee made some remarks on the Senate floor about the children's health insurance bill pending before the Senate. I would like to address the issues raised by my friend and colleague, Senator Gregg. Senator Gregg repeatedly referred to the children's health insurance bill as leading to a nationalize system of health care. He said, "The goal here is to radically expand the size of a public insurance program to families who are doing quite well - families making up to \$80,000 who may not have children or whose children may already be insured by the private sector - because they want to move more people onto the public insurance system because they want to have a nationalized system." Mr. President, I have one simple question to ask all the critics of this bill who, when confronted with the actual policies in this compromise respond by shrieking: "\$80,000!! \$80,000!!!" And that question is - if this bill became law tomorrow, how many families earning \$80,000 a year would be eligible for CHIP. The answer is: None. As they say in baseball: You can look it up.

I have one simple question to critics who, when asked to respond to what is actually in black and white in the bill, react by screaming: "National health care! Socialized medicine!" And that question is -- under what contorted reasoning is a capped block grant inclusive of

policies that prohibit new waivers for parents, phases childless adults completely off the program and limits matching funding for higher income kids, nationalized health care? I guess you can call something, anything you want, but in Iowa you can't call a cow a chicken and have it be true.

Now, on the issue of the so-called "Budget Gimmick" that the Ranking Member of the Budget Committee also spoke to, I have this response. Senator Gregg said yesterday, "There's the problem that there is a scam going on, a scam in this bill as to how it's paid for. This chart reflects the increased cost of the bill as it goes forward, but in order to adhere to their own budget rules, which they claim so aggressively to be following, such as pay-go, they have to take the program in the year 2013 from a \$16 billion annual spending level down to essentially zero. In other words, they are zeroing out this program in the year 2013. That's called a scam."

Now, Mr. President, I am a proud member of the Senate Budget Committee. I believe in fiscal discipline and spending restraint. I agree that under a Republican controlled Congress, spending was out of control. Part of the reason why Republicans lost control of the Congress is because we were unable to control spending. I believe that part of the reason that the President is threatening to veto this bill is that he is trying to play catch up for failing to veto six years of spending bills. I agree that fiscal discipline ought to be applied to spending bills and that we should pay some attention to the level of spending and to how spending is financed. Don't get me wrong, that is a good thing. But the place to start is with Appropriations measures, NOT the SCHIP bill.

So let me focus on the criticism that has been made about how this SCHIP bill is financed. We need to step back and look at the whole picture. The SCHIP program is a pretty small part of that picture. The thing about SCHIP is that it is not like Medicaid or Medicare. It is not a permanent program. Medicare and Medicaid are permanent programs. They are entitlements. SCHIP isn't. Now, there were some who wanted to turn SCHIP into an entitlement program. The House bill would have lifted the cap on the national allotment for SCHIP and extended the program forever. I fought hard to maintain the block grant for SCHIP and to ensure that the program did expire, so that in the future, Congress can evaluate and improve SCHIP, just as we are doing now. So, despite the best efforts of House Democrats, under the compromise bill when the program expires, it truly ends.

SCHIP is an expiring program. Let me say that again; SCHIP is an expiring program. While I know most of us in this chamber would no sooner let the Department of Defense expire than we would let the SCHIP program expire, that is a simple fact. And because it is an expiring program, it is subject to a very particular budget rule. That budget rule says that CBO must score future spending for the program based on the last year of the program's current authorization. So the baseline for SCHIP for next year is \$5 billion. For the next five years, the baseline for SCHIP is \$5 billion. For the next ten years, the baseline for SCHIP is \$5 billion. It is actually \$5 billion a year forever. That's right, forever!

According to CBO, over a million children would lose coverage if we simply reauthorized SCHIP at the assumed baseline. Who among us would go home and tell your constituents you voted to reauthorize the SCHIP program, but over a million kids lost coverage. That is not politically viable. During consideration of the Senate Finance Committee bill, there was an SCHIP alternative that included an increase in SCHIP spending of \$9.5 billion over five years. Even the Members who opposed the Finance bill acknowledged that \$5 billion was not enough. Everyone knows that the current baseline is not realistic. That created a hole in the

budget we had to fill. So, what did we do? We filled it. It's that simple. We had to comply with the budget rules. So we did. Do those budget rules make sense? Well, that is a question for the Budget Committee, not the Finance Committee. The Budget Committee sets those rules and they are not for the Finance Committee to change.

There is another budget rule the Finance Committee was required to follow. That rule is called PAYGO which people around here know is short for "pay as you go" financing. It means that the bill needs to cover its six-year cost and the 11-year cost. And that makes sense after all. This bill proposes new spending and we should pay for it. And this bill does. This bill complies with those budget rules. It complies with the PAYGO requirement.

Now, the SCHIP reauthorization we are debating is only a five-year authorization. As I think everyone knows, the bill is paid for with an increase in the tobacco tax. This is just like the original SCHIP bill when it was created under a Republican-controlled Congress in 1997. Now, just like in 1997 when Republicans did it, we had a problem with how the tobacco tax works. The revenue from the cigarette tax is not growing as fast as health care costs. So that means the revenue raiser is not growing as fast as the cost of SCHIP. So the Finance Committee did what it was required to do to comply with the PAYGO budget rule. The Finance Committee bill reduces SCHIP funding to just below the funding that is in the current baseline.

That means that the Finance Committee in five years will have the same problem we faced in putting this bill together today. It will have to come up with the funds to keep the program running. It is true we are covering even more low-income kids in this bill. That's a good thing. Assuming that Congress does not tackle the increasing problematic issue of health care costs across the board, the Finance Committee, in five years, will have a bigger hole to fill. They will have more kids to keep covering and health care costs will be even higher than they are today. That is for the Finance Committee to face in five years. That is just like the job the Finance Committee had today to continue SCHIP. This is really nothing new. Now, my friend and colleague, for whom I have great admiration, has, once again, distorted the so-called "cliff" in the compromise CHIP bill. He has, once again, produced a chart that shows a dramatic decline in funding for this program.

Here is the chart used to raise the issue about financing of the compromise bill which is largely the Senate Finance Committee bill. It shows only the funding in the Finance Committee bill. The approach this chart takes reminds me of the story of seven blind men trying to describe an elephant. Each described a different part of the elephant: tusk, tail, ear, leg, but none could describe the whole elephant. They couldn't see the whole picture. We need to look at the whole picture. As we all know, the SCHIP program was created to supplement the Medicaid program. The goal of the program was to encourage states to provide coverage to uninsured children with incomes just above Medicaid eligibility. So to put my colleague's concerns in perspective, we need to look at the whole picture. We need to look at SCHIP spending as it relates to Medicaid spending. I'd like to draw your attention to this chart. So everyone can fully appreciate the consequences of our SCHIP bill in the context of the Medicaid program which it supplements, I want you to take a close look at this.

Let's start with this tiny little green line at the bottom. You have to squint to see it. The green line here represents the SCHIP baseline under current law. As I have already discussed, it is \$5 billion each year for the next ten years and forever actually. Now let's look more closely and honestly at the actual problem we are facing. This massive orange area above it is Medicaid.

No one needs to squint to see this. This is projected Medicaid spending for the next ten years. It's a lot bigger than SCHIP. Then on top of that, we are looking to add new spending to SCHIP. The new spending is represented by the little blue line right here. Again, you almost have to squint to see it. As you can clearly see, costs are growing at a rapid pace overall. The overwhelming driver of the cost is not the relatively small increase and then decline of CHIP spending under the compromise bill - that is a blip on the radar compared to the massive increase of Medicaid spending.

We have a big problem here, Mr. President and it is not going away. Entitlement spending is ballooning out of control and in future years, if we do not act, we are going to struggle to keep these programs afloat. When you look at the whole picture it puts things into perspective. Now, remember all that fire and brimstone about the awful cliff in the compromise bill? The way that it continues to be described, you'd think the world was about to end. Now, looking at the big picture, where exactly is that cliff you might ask? Again, you'll have to squint, really hard but if you strain your eyes and look really closely, right here, that little dip just to the right of the dotted vertical green line is what my good friend from New Hampshire is so exercised about.

So this little blue line is what this debate is all about. This little blue line is the funding in the compromise agreement. This little blue line is what all the fuss is about. Seems like a whole lot hollering is going on over a dip that is hard to even see.

Let me tell you what the Compromise Agreement -- this little blue line -- is not. This is not a government takeover of health care. This is not socialized or nationalized medicine or anything like that. This is not bringing the Canadian health care system to America. This is NOT the end of the world as we know it. To suggest that this little blue line and this tiny dip is the dismantling of the US health care system borders on the hysterical. While I concede that allotments under our bill in the years beyond the five year reauthorization do behave as described in my friend's chart, I don't think it warrants the heated rhetoric we are hearing today.

SCHIP is not the real fiscal problem here. The problem is that big, big orange area. It's Medicaid. Senator Gregg and I worked together in the Deficit Reduction Act to try to reign in egregious Medicaid spending and I am proud of the work we did. We also found out how hard it is to dial back entitlement spending. Even in a Republican-controlled Congress and even with the special procedural protections in a reconciliation bill, we only succeeded in shaving off \$26 billion in Medicaid spending over a 10-year period. The problem of entitlement spending is still out there and SCHIP is a pebble next to the boulders that are Social Security, Medicare, and Medicaid.

I am very hopeful that once we are done with the CHIP debate, we can roll up our sleeves and get down to the business of tackling health care reform on a much larger scale. I know that Senator Wyden wants to take this on, and I want to join him in this bipartisan effort. As I have said many times, I had hoped that we could have used the debate on SCHIP to focus on these larger issues of health care reform and the uninsured. I tried to engage my colleagues on the other side.

I was repeatedly thwarted in that effort and told that SCHIP had to get done first. Well, hopefully we can get SCHIP done and then turn to the bigger issues, so that the next time the Congress has to tackle CHIP, this big orange block won't be so huge. So, in closing, I appreciate

my friend's remarks. They are not without some merit. But put into context, I don't think they fit the crime we are accused of here. I yield the floor.

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September 26th, 2007 **SCHIP COMPROMISE MAINTAINS FUNDAMENTAL PRINCIPLES**

Floor Statement of Senator Chuck Grassley
Wednesday, Sept. 26, 2007

Mr. President, the Children's Health Insurance Program or CHIP— is the product of a Republican-led Congress in 1997. It is a targeted program designed to provide affordable health coverage for low-income children of working families. These families make too much to qualify for Medicaid but struggle to afford private insurance.

Last July, the Senate Finance Committee reported bipartisan legislation to enhance and improve CHIP by a strong vote of 17 to 4. In August, the Senate passed the Finance bill with some minor changes 68-31. On Tuesday, 265 Members of the House of Representatives voted for the bill we are considering. Clearly, we have a bill with strong bipartisan support.

The legislation before the Senate, maintains the fundamental provisions of the Senate bill:

- A cap on new spending at \$35 billion
- No Medicare provisions
- Spending paid for by an increase in the cigarette tax

I want to commend the Majority in the House and Senate for cooperating with Senate Republicans and for working with us on our priorities during the negotiations that led to this agreement.

And this compromise agreement is consistent with principles we put forth in the Senate bill. And I made clear during the debate of the bipartisan Senate bill, that the Senate went as far as I was willing to go in terms of spending and policy.

And it makes sense that we stayed true to the Senate bill. The Senate, after all, had a veto-proof majority. So it made sense to stay as close as possible to that successful formula.

The legislation before this body maintains all of the key policy provisions of the Senate passed bill. This bipartisan bill refocuses the program on low income children, it phases adults off the program, it prohibits new waiver for parent coverage, it reduces the federal match rate for states that cover parents, and it includes new improvements to reduce the substitution of public coverage for private coverage.

This compromise bill maintains the focus on low income uninsured children and adds coverage for more than 3 million low-income children.

The compromise bill discourages states from covering higher income kids by reducing the federal matching rate for states that wish to expand eligibility over 300% of the federal poverty limit.

It rewards states that cover more of the lowest income kids by providing targeted incentives to states that increase enrollment for coverage of low income kids.

The message to states is clear: **COVER YOUR POOREST KIDS FIRST!**

Don't spend money on childless adults. Don't spend money on parents unless you can prove you are covering your low-income kids. Don't spend money on higher income kids unless you can prove you are covering your higher income kids.

It's all there in black and white. Anyone who suggests this bill is an expansion to higher income kids or other populations is simply not reading the bill.

Since the Senate passed the bill the first time, the subject of 'crowd-out' has become a lot more important in this debate.

Crowd out is the substitution of public coverage for private coverage. Crowd out occurs in CHIP because the CHIP benefit is very attractive and there is no penalty for refusing private coverage if you are eligible for public coverage.

On August 17, CMS put out a letter giving states new instructions on how to address crowd-out.

I appreciate the Administration's willingness to engage on the issue. I think they have some very good ideas. But I also think there are some serious flaws in their policy.

States are supposed to cover 95% of the low-income kids. But it's been a month since they issued the letter and CMS still cannot explain what data states should be using.

Personally, I think CMS should have answers before they issue policies. And if they still can't explain how it works a month later, I believe, as the saying goes ... they obviously aren't ready for prime time. So the compromise bill replaces the CMS letter with a more thoughtful, reasonable approach.

The Government Accountability Office and the Institute of Medicine would produce analyses on the most accurate and reliable way to measure the rate of public and private insurance coverage and on best practices by states in addressing crowd-out.

Following these two reports, the Secretary, in consultation with States, will develop crowd-out best practices recommendations for the states to consider and develop a uniform set of data points for States to track and report on coverage of children below 200% FPL and on crowd-out.

Next, States that extend CHIP coverage to children above 300% FPL must submit to the Secretary a State plan amendment describing how they will address crowd-out for this population, incorporating the best practices recommended by the Secretary.

After October 1, 2010, Federal matching payments are not permitted to States that cover children whose family incomes exceed 300% of poverty if the State does not meet a target for the percentage of children at or below 200% of poverty enrolled in CHIP.

Simply put ... cover your low-income kids or you get no money to cover higher-income kids.

Now I know some people are obsessed with the state of New York and their efforts to cover kids up to 400% of poverty.

It seems to come up in the talking points of every person who speaks out against our bill. This bill does not change the CHIP eligibility rules in any way. Not one bit. This bill does not expand the CHIP program to cover middle-income families or higher income kids. It doesn't do it.

The bill actually goes the other direction. The real fact is the bill makes it very difficult for any state to go above 300% of poverty; it will make it very difficult for New Jersey, the only state currently covering kids above 300%, to continue to do so if they don't do a better job of covering low-income kids.

If you're concerned about the state of New York, don't waste your time looking at this bill. You won't find answers to New York's fate here. The answer is where it has always been—in the office of HHS Secretary Mike Leavitt. Only he has the authority to allow any state to cover children up to 400% of poverty. The authority to approve what states do with the CHIP program rests with him and no one else. This bill does nothing to change that authority. That's a fact.

I heartily encourage those of you who haven't to read the bill. It's all in black and white.

And I also want to say a few words about the President's position against this bill. It's unfortunate that the President is not supporting this bill. I hope he will reconsider and sign this bill.

The President himself made a commitment to covering more children. During the Republican National Convention in New York City, President Bush was very firm on this point. Here is what he said, and I quote:

“s children must also have a healthy start in life. In a new term, we will lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for the government's health insurance programs. We will not allow a lack of attention or information to stand between these children and the health care they need.”

The President was pretty clear in his convictions then. Let me repeat his words because I think they are important. He said he would “lead an aggressive effort to enroll millions of poor children . . . [in] the government's health insurance programs.”

I am working to make sure we fulfill that commitment. But the President's current proposal doesn't accomplish his goal.

The Congressional Budget Office reports that the President's proposal for SCHIP included in his FY 2008 budget would result in a LOSS of coverage – not an INCREASE of coverage as the

Administration had been advocating for in 2004, but a LOSS of coverage of 1.4 million children and pregnant woman.

Increasing the numbers of uninsured children is clearly not the goal here. So we needed to figure out a better policy. And that is what we've done. Now Mr. President, this bill does not warrant the overheated rhetoric we heard in the House on Tuesday. This is a bill that improves coverage for kids who are poor. This bill does not make it easier for illegal immigrants to get benefits. The bill clearly states that funds cannot go to illegal immigrants. The desperate efforts I heard on the House side to suggest the bill makes it easier for illegal immigrants to get benefits simply strains credibility. The bill does not extend eligibility for LEGAL immigrant children or pregnant women. The bill does not make CHIP an entitlement.

The bill is not a government takeover of health care. The bill is not socialized medicine. Screaming 'socialized medicine' during a health care debate is like shouting 'fire' in a crowded theatre. It is intended to cause hysteria that diverts people from looking at the facts. To those of you who make such outlandish accusations, I say, go shout 'fire' somewhere else. Serious people are trying to get real work done. Now's the time to get this done.

I appreciate very much the leadership that Chairman Baucus has provided. I thank him and Senator Rockefeller for what they did to reach a bipartisan agreement. I also extend my sincere thanks to Sen. Hatch for being part of this effort. Sen. Hatch was the main Republican sponsor of the bill that created the SCHIP program ten years ago. His commitment to the ideals and fundamentals of the program is steadfast and the program is better for it.

Mr. President, when we began the debate on CHIP, I wrote down my "Principles on SCHIP." I referred to these principles during the negotiations of the Senate bill and during the compromise discussions with the House. I made a copy for my staff and told my staff to adhere to these principles during the staff negotiations. Here are some highlights of my "Principles on SCHIP" and how they compare to this bill:

- It cannot be a middle class entitlement. This bill isn't.
- It must be paid for. The bill is paid for.
- It must be focused on families below 200% of the federal poverty level. This bill IS focused on those low income families.
- Kids should be covered before adults. The bill clearly makes that a requirement.
- The program should be capped, not an open-ended entitlement to states. The program continues to be capped in this bill.

Mr. President, I am here to say my principles remain intact in this compromise document. Therefore, I support the compromise bill and urge my colleagues to do the same.

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September 26th, 2007 **SCHIP**

Grassley comments from News Conference on Legislation to Reauthorize SCHIP

Statement by U.S. Senator Chuck Grassley of Iowa

Ranking Member of the Committee on Finance

News Conference on Legislation to Reauthorize the Children's Health Insurance Program

Wednesday, September 26, 2007

The bill before the Senate carries out the SCHIP policy that President Bush laid out in 2004, when he said his administration would "lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for the government's health insurance programs."

I hope the President will reconsider his opposition to this bill.

Republicans and Democrats in Congress are working together to reach as many as four million more children. About half the new money in our bipartisan legislation is just to keep the program running for the kids already on it. The rest goes to enroll new kids.

Above all, the legislation gets the children's health insurance program back on track by making states enroll low-income children and cutting off adult coverage through the program. It's good policy.

After SCHIP, I agree with President Bush that we need tax incentives to help more low-income families get health insurance. We'll reach many more children that way, and I look forward to working on legislation to reach those goals.

[Letter from Gov. Culver and Lt. Gov. Judge](#)