**Statement of the Honorable Orrin G. Hatch**
**Senate Finance Committee's Subcommittee on Health Care**
**Hearing on**
**CHIP at 10: A Decade of Covering Children**

**July 25, 2006**

The Chair will call this hearing to order.

It is no coincidence that the inaugural hearing of the Subcommittee on Health Care is on the Children's Health Insurance, or CHIP, program.

Next year, Congress will focus on how to reauthorize and finance the CHIP program. Therefore, our Ranking Minority Member, Senator Rockefeller, and I believe it important for today's hearing to set the ground for that process by examining the history of the CHIP program and the successes it has had over the last decade.

The Balanced Budget Act of 1997 -- BBA 97 – created CHIP as Title XXI of the Social Security Act. Today, all 50 states, the District of Columbia and five territories have CHIP programs. As is allowed by the law, 17 states use Medicaid expansions, 18 states use separate state programs and 21 states use a combination approach of both their Medicaid program and the state program.

The CHIP program is financed through both the federal and state governments and is overseen by the states. States receive an enhanced federal match for the CHIP program – this federal match is significantly higher than the federal match that states receive through the Medicaid program. The Medicaid federal medical assistance percentage, known as F-MAP, ranges between 50% and 76% in FY 2006; the CHIP F-MAP ranges from 65% to 83.2%.

Through BBA 97, approximately $40 billion in federal funding was appropriated for the CHIP program. Collectively, states have spent $10.1 billion since it was first implemented through September 30, 2005.

I am extremely happy to report that 6.2 million children have their health insurance coverage through the CHIP program. As one of the original authors of the CHIP program with Senator Kennedy, Senator Rockefeller, and the late Senator Chafee, I am so proud of the program's successes.

When we drafted this legislation in 1997, our goal was to cover the several million children who had no insurance coverage. We have gone a long way in meeting that goal, but we are clearly not there yet. Coverage of these uninsured children should still be our top priority.

I know some may disagree with me, but in my opinion, we shouldn't consider expanding this program to other populations until we have covered all needy children who do not have health care coverage.

This fall, the Health Care Subcommittee will hold a second hearing to examine the more difficult issues facing Congress as it reauthorizes the CHIP program. These issues include the future financing of the program, who should be covered, and how to provide effective outreach to eligible children who are not covered.

The purpose of today's hearing is to focus on the successes of this very important program. Senator Rockefeller, I appreciate the hard work that both you and your staff

have put into today's hearing and look forward to working with you  and the other Senators who have an interest in this issue.

Testifying before the Subcommittee today is Senator Ted Kennedy, whose vision and drive were integral to development of the CHIP program.  Senator Kennedy was coauthor with me of the "CHILD" bill, which when melded with the Chafee-Rockefeller bill expanding Medicaid coverage for children, became CHIP.

On the second panel, we will hear from Administrator of the Centers for Medicare & Medicaid Services, Dr. Mark McClellan.  He is accompanied by Dennis Smith, a Finance Committee alumnus who is now the Director of Medicaid and State Operations for CMS.

The last panel is made up of Ms. Evelyne Baumrucker and Mr. Chris Peterson – both of whom are Congressional Research Service specialists on the CHIP program.  Ms. Baumrucker will provide a broad overview of the program while Mr. Peterson will focus on the financing of the CHIP program.

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

Senator Rockefeller?