



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR



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Contact: Israel Klein (JEC)
(202) 224-5171
Meghan O'Shaughnessy (Maloney)
(202) 225-7944

NEW JEC REPORT FINDS: AS ECONOMY SLOWS, DEMAND FOR CHILDREN'S HEALTH INSURANCE AND MEDICAID GROWS

JEC Vice Chair Maloney: Wednesday's Vote to Override President's CHIP Veto Critical To Preserving Health Coverage For Millions of Children in a Weakening Economy

Cash-strapped States Face CHIP/Medicaid Annual Enrollment Growth of Between 700,000 and 1.1 Million Additional Children Due to Slower Job Creation, Apart from Trend in Program's Growth, JEC Estimates

Washington, D.C. – Congresswoman Carolyn Maloney, Vice Chair of the Joint Economic Committee, today released a report showing that worsening economic conditions will increase demand for the State Children's Health Insurance Program and Medicaid, and called on colleagues in Congress to vote next Wednesday to override the President's veto of H.R. 3963, legislation that would bring health coverage to approximately ten million children over the next five years.

"A million more children a year may need public health insurance due to worsening economic conditions, but state budgets are already strained by the weak national economy and the growing housing crisis," said Congresswoman Maloney. "This is a perfect storm that can be avoided, if Congress votes to override the President's veto of legislation that would bring health care to millions of children in need. Additional Medicaid assistance to the states as part of a stimulus package would also provide shelter from this storm."

The JEC report finds that if employment growth falls to the levels seen following the 2001 recession, then demand for CHIP and Medicaid will grow, even apart from the normal growth trend in public coverage. The report's key findings are the following:

- Between 700,000 and 1.1 million additional children will enroll in Medicaid/CHIP each year due to slowing employment growth alone.
- Up to 1.5 million additional persons will enroll in Medicaid each year due to slowing employment growth alone.

SCHIP provides health coverage to American children whose parents do not qualify for Medicaid, but cannot afford private insurance. Over the next five years, the House SCHIP reauthorization legislation would bring health coverage to approximately ten million children in need – preserving coverage for all 6.6 million children currently covered by SCHIP, and extending coverage to 3.8 million children who are currently uninsured, according to the nonpartisan Congressional Budget Office.

A slowing economy will likely lead to substantial increases in Medicaid/CHIP demand, yet the Administration is proposing a range of cutbacks to CHIP and Medicaid funding that will make the problem even more severe. These cutbacks will put increased fiscal demands on states at a time when they are ill equipped to handle them, according to the JEC report.

The report concludes that overriding the President's veto of CHIP reauthorization would guarantee sufficient funding levels for the CHIP program to serve future enrollment needs. Furthermore, increasing the Federal Medicaid match percentage (FMAP) to the states as part of a stimulus package would help buffer the impact of the economic slowdown.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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