

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Health**  
**Hearing on “The Future of the Children’s Health Insurance Program”**  
**December 3, 2014**

*(As Prepared for Delivery)*

CHIP is an important program that provides health coverage to children who might otherwise go uninsured and it has historically enjoyed bipartisan support. I am especially proud that because of this program, Michigan has one of the lowest rates of uninsured children in the nation. But funding for CHIP is set to end next year, and while I support extending that funding, it is important that we address several questions about the future of the program to ensure we continue to provide care for the nation’s most vulnerable kids.

Much has changed in health care since CHIP was created back in 1997. While the rate of children without insurance has declined, health care costs have continued to grow.

In its repeated reauthorizations, the CHIP program has usually been extended in a bipartisan manner. Most recently, however, the Children’s Health Insurance Program Reauthorization Act (CHIPRA) in 2009 and the Patient Protection and Affordable Care Act in 2010 made significant changes to the program. The president’s health care law reauthorized CHIP through FY2019, but only provided funding for the program through September 30, 2015. This has effectively created a funding cliff raising questions about the future of CHIP.

First, we must consider cost. It’s important to understand the cost of extending CHIP coverage and ensure that any additional federal spending is fully offset. CHIP is a good model of a program that provides coverage and flexibility while also providing budget discipline. We need to ensure that this remains the case.

Second, crowd-out must be considered. CHIP was designed to provide coverage for lower-income Americans. There is a legitimate policy concern that, if not properly focused, CHIP coverage may unduly crowd-out private health coverage. It is imperative that CHIP remain a program targeted to those who need it most.

A third area of concern is coverage. My colleagues and I who support extending CHIP funding do so because we believe in high quality, affordable coverage. As Congress considers the interactions between CHIP, employer-provided coverage, Medicaid, and exchange coverage, we need to carefully examine the benefits of different types of coverage. We need to examine what we know about cost, quality, outcomes, access to care, and other critical metrics.

Finally, we must consider the construction of the program. One of the great benefits of the way the CHIP program is designed is that it empowers states. We have heard recently from governors all across the country about the successes of the CHIP program. Michigan currently covers nearly 45,000 children and has provided services to over 300,000 since the program’s inception. The Director of Michigan’s Department of Community Health recently wrote, “We believe the flexibilities afforded by CHIP have contributed to our success.” While states need to be accountable for the federal dollars they spend, we should maintain the CHIP program in a manner that provides states like Michigan with appropriate tools to oversee and operate their programs, enabling them to build upon past success. This means policies that enhance program integrity, state flexibility, and other factors should be a priority.

I want to thank the Congressional Research Service, Government Accountability Office, and Medicaid and CHIP Payment and Access Commission (MACPAC) for their testimony. I look forward to working across the aisle to adopt common-sense policies that keep the CHIP program strong for the future and provide needed coverage to millions of kids.

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