

Coburn Amendment # 47 To ensure that children do not lose their private insurance and that uninsured children can get access to private health insurance.

This amendment would require a premium assistance approach for new Medicaid or SCHIP expansions under this Act and cut bureaucratic red tape for states to use a premium assistance approach.

I will be the first to say that SCHIP was created for targeted low-income children—those in families making less than 200 percent of the Federal Poverty Level (FPL). And I believe that this program should stay focused on those low-income families that need it the most.

The Department of Health and Human Services just released new numbers on the FPL: for a family of four that's \$22,050 a year.¹ That means the current SCHIP program—without expansions—is available to children in families making \$44,000 a year. That's close to the national median income of \$50,233 according to the Census Bureau.²

The underlying bill will expand the SCHIP program up to families making \$66,000 a year—or \$88,000 a year if you are fortunate enough to live in New York. I am concerned about this for a number of reasons, but there is little question that the Majority has the votes to pass the underlying bill and that President Obama will sign it.

Therefore, my amendment is not about *whether* or not to expand the SCHIP program. My amendment is about *how* to expand the SCHIP program.

Are we going to put the majority of American kids on a government-run program? Or are we going to use an approach that ensures children in America have access to market-based insurance? Are we going to make sure that kids can keep the insurance that's working for them today?

My amendment would require states to use a premium assistance approach to keep kids in private coverage if they want to expand their Medicaid or SCHIP programs under CHIPRA 2009.

The American people know that the market does a better job of controlling costs and improving quality than the government can. Rather than having politicians and bureaucrats control kids' health care, I believe that kids should be able to keep the private insurance that they have. And if they need a little extra help to get private insurance, this amendment would make sure they have it.

I believe that parents—not government bureaucrats—should be able to make decisions about their kids' health care needs.

¹ <http://aspe.hhs.gov/POVERTY/09poverty.shtml>

² http://www.census.gov/Press-Release/www/releases/archives/income_wealth/012528.html

My amendment will reduce crowd-out of private insurance.

Any time the government offers to give something away for free, it is common sense that an employer or individual will take them up on the offer. As we offer free health care to higher-income children—many of whom already have coverage—we’re going to see a resulting drop or “crowd out” in the number of employers willing to pay for private coverage. Massachusetts Institute of Technology economist Jonathan Gruber has estimated the crowd-out rate of expanding SCHIP to new eligibility groups at 60%.

Specifically, the Congressional Budget Office (CBO) analysis of CHIPRA 2009 shows that 400,000 children will be newly covered in higher-income families, but that there will be a reduction in existing private insurance for another 400,000 children as a result. Those children will lose the private coverage they share with their parents today.

I am concerned that if we send the bill—as written—to President Obama, it will break one of his campaign promises when he stated last fall that *“If you already have insurance, the only thing that will change under my plan is that we will lower premiums.”*

Voting in support of my amendment will ensure that President Obama can keep his promise.

Not only does crowd-out take away the private coverage higher income children have now, it’s a bad deal for taxpayers.

For those new populations that are covered by CHIPRA 2009, the SCHIP legislation insures one new child for the cost of two. CBO says that the bill will cover 8.9 million SCHIP kids in FY2013—at a cost per kid of \$2,160. However, because of crowd out taxpayers will have to pay \$4,430 for every newly insured kid because we’re picking up the tab for those kids who already had insurance.

My amendment will minimize crowd out by helping people take advantage of their employer-sponsored or other private insurance with premium assistance—rather than encouraging government dependence.

Premium assistance is also cost-effective because the state will only have to subsidize the employee share of the health insurance benefit rather than forcing taxpayers pay for the entire benefit.

My amendment also cuts bureaucratic red tape to make it easier for states to use a premium assistance approach. Current law allows premium assistance, but the administrative requirements are so cumbersome that only a handful of states have premium assistance programs.

I note that the underlying bill permits premium assistance, but also note that the administrative burdens would once again discourage states from using this approach.

The underlying bill says that if a state wants to use premium assistance, it has to make sure the child has the type of coverage the government thinks is best. The state has to figure out the differences between the coverage an employer offers and what SCHIP benefits include and make sure it's the same for the kid. This subtle requirement is not only an administrative burden for states and employers but also possibly a dangerous step toward a federally "approved" standard for health insurance for all Americans. My amendment drops this administrative burden to make it easier for SCHIP kids to get access to private insurance with premium assistance.

According to the Kaiser Family Foundation, 55 percent of the 78.6 children in America have employer-sponsored insurance. If that coverage is working for the majority of American kids, why can't it work for kids on SCHIP? The answer is it can work and we have a duty to make sure it does.

The premium assistance language in the underlying bill also denies parents the right to choose certain types of coverage for their children. My premium assistance language gives parents the right to choose from more coverage options. Parents—not government bureaucrats—know best about what fits the needs of their children. A parent should be able to use premium assistance for their share of employer-sponsored insurance, to buy insurance in the non-group market, or to buy a consumer-directed product. My amendment gives parents the right to make individual decisions for their children.

Again, this amendment isn't about whether or not we should cover American kids. This amendment is about the best way to cover American kids. This amendment is a choice between putting kids in government-run health care or making sure they have access to private coverage.

I believe that keeping kids with their parents in market-based coverage is going to be better for American kids and better for our country in the long run.