Statement of
Marian Wright Edelman
President, Children's Defense Fund

Hearing on
the Comprehensive Health Reform
Discussion Draft

Before the
Subcommittee on Health
of the
Committee on Energy and Committee
U.S. House of Representatives
June 23, 2009



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STATEMENT OF MARIAN WRIGHT EDELMAN
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HEALTH REFORM FOR ALL:

A CRITICAL AND LONG OVERDUE OPPORTUNITY TO ENSURE ALL UNINSURED AND UNDERINSURED CHILDREN AND PREGNANT WOMEN COST EFFECTIVE, EQUITABLE AND EFFICIENT HEALTH COVERAGE

For Hearing on the Comprehensive Health Reform Discussion Draft

Subcommittee on Health
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Good morning. I am Marian Wright Edelman, President of the Children's Defense Fund (CDF). The Children's Defense Fund has worked very hard for 36 years to ensure every child in America a Healthy Start, a Head Start, a Fair Start, a Safe Start and a Moral Start in life and successful passage to adulthood with the help of caring families and communities. CDF seeks to provide a strong, effective and independent voice for ***all*** the children of America who cannot vote, lobby or speak for themselves but we pay particular attention to the needs of poor and minority children and those with disabilities. CDF encourages preventive investment in children before they get sick, get pregnant, drop out of school, get into trouble, suffer family breakdown, or get sucked into the dangerous "Cradle to Prison Pipeline."

Thank you for the invitation to testify on behalf of children today. The Comprehensive Health Reform Discussion Draft takes strong steps towards quality health reform for millions of Americans – but I am concerned that under your proposal children don't get their fair share of needed reform, and rather than being better off than they are now, some are at risk of being worse off. You have the opportunity now to make this right.

Children are not little adults. They have unique health needs that will not be met in a health reform system designed for adults. While recently released health reform proposals and priorities – including the Comprehensive Health Reform Discussion Draft – address a number of critical health reform issues, it is important to have crystal-clear legislative language for key issues and solutions that are essential for children. Considering the substantial health and wealth disparities among children in communities of color, espousing child-specific solutions in health reform legislation is critical.

Nine million children in America are uninsured. Almost 90 percent of them live in working households and a majority live in two-parent families. Six million are currently eligible for but are not enrolled in Medicaid or the Children's Health Insurance Program (CHIP). Earlier this year, when President Obama and Congress reauthorized CHIP in the Children's Health Insurance Program Reauthorization Act (CHIPRA), they made an important initial investment to strengthen the quality of children's health care and improve health outcomes but not enough. **CHIPRA was not the health care reform children must have this year or the child mandate President Obama promised during his campaign.** Like the overall health care system, this child health system is broken and now is our time to fix it.

The need for health care reforms that expand coverage to all children, cure benefit inequities between CHIP and Medicaid children, establish a national floor of eligibility to end the lottery of geography, and simplify enrollment and retention, particularly in Medicaid and CHIP, is imperative and crucial to child survival. Especially in these devastating economic times, when it is estimated the number of poor children could rise by 2.6-3.3 million, and the number of children in deep poverty could climb by 1.5-2.0 million, children must be guaranteed a strong health care safety net to ensure their continuous access to coverage and every opportunity for a healthy start in life.[1]

ESSENTIAL ASSURANCES FOR CHILDREN IN HEALTH REFORM

I urge the Committee not only to maintain existing protections for children and pregnant women, but also to strengthen these protections. ***All*** children and pregnant women in America must be covered. They must be ensured the medically necessary care they need. And they must be better—not worse—off than they were before health reform. Specifically, I strongly urge you to ensure that any final health reform proposal addresses the following three assurances for children.

1. Health Coverage Must Be Affordable.

All children and pregnant women must have affordable health coverage with a national eligibility floor of 300 percent of the Federal Poverty Level (FPL) ($66,150 for a family of four).

Just as all children in the United States are entitled to a free public education, ***all*** children should be entitled to affordable health care. The high number of uninsured children exacts a high health, economic and social toll on these children, their families and our nation. Uninsured children are at high risk of living sicker and dying earlier than their insured peers. Research shows that uninsured children are almost ten times as likely as insured children to have an unmet medical need, and the consequence of untreated conditions that go untreated are likely to continue into adulthood. An enormous concern is the fact that the distressing consequences of being uninsured fall disproportionately on children of color, who represent almost two-thirds of all uninsured children. Children of color are at higher risk than White children of having unmet health, mental health, and dental care needs.

The need for health care begins with maternity coverage. Each year in our rich nation 800,000 pregnant women go uninsured. They receive less prenatal care than their insured counterparts and face greater risks for expensive and tragic outcomes including complications, low birth weight, preventable illnesses, and even infant death. Lack of access to care can result in different paths for our children from their earliest moments of life.

All children deserve a level playing field on which they can survive and thrive regardless of the state they live in or their family situation. Currently, each state sets its own income eligibility level for CHIP and Medicaid within broad federal guidelines and this has resulted in a profoundly inequitable patchwork of eligibility across the United States. Imagine being a low-income parent or grandparent raising several children and having one eligible for Medicaid and another eligible for CHIP, with different income eligibility standards and benefit packages for each program. Consider too that children in North Dakota will lose eligibility for CHIP if their parents earn more than 150 percent FPL while in twelve states and D.C., families can earn twice that amount and children are still covered. Children's ability to survive, thrive and learn must not depend on the lottery of geography or birth.

Ten states have no children eligible for Medicaid above 133 percent FPL. But half of the states already

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[1] Sharon Parrott, "Recession Could Cause Large Increases in Poverty and Push Millions into Deep Poverty." Center on Budget and Policy Priorities. November 24, 2008.

offer Medicaid to children of ***all*** ages in families with incomes above 133 percent FPL. Almost half already cover children at 200 percent FPL or higher. Thirty-nine states offer CHIP to children in families between 185 percent and 400 percent FPL. There must be a national floor of 300 percent FPL for all children and pregnant women. In establishing an eligibility floor, it is important that we consider the struggles families face daily to make ends meet. We should not require families to choose between paying for child care and other work-related expenses or health care. We should continue states' ability to allow families to disregard a portion of their earnings needed to cover work-related expenses, which are earnings not available to cover costs like the purchase of health care.

2. All Children Must Have Comprehensive Health and Mental Health Coverage

All children need a benefit package that reflects their unique health care needs and is designed to support their optimal development. This benefit standard should apply to all child health plans—Medicaid and CHIP, to those offered inside and outside the Exchange established in the Comprehensive Health Reform Discussion Draft, and to employers of all sizes. There are not two or three or more classes of children. Every child's life and health are of equal value. It is unjust to deny millions of children on CHIP the comprehensive benefits we extend to 28.7 million children each year on Medicaid or the national safety net we extend to seniors.

Children enrolled in Medicaid are entitled to the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit package. It recognizes the importance for children of all ages to get regular and periodic screenings and assessments at various intervals throughout their lives, and is widely considered to be the best standard for age-appropriate child health coverage. Most importantly, it takes the next step to ensure that all eligible children are guaranteed the full range of comprehensive primary and preventive coverage they need and all medically necessary treatment to address health, mental health and developmental problems and chronic health conditions identified through these screens. Sara Rosenbaum, Chair of the Department of Health Policy at the George Washington University School of Public Health and Health Services, and a well-recognized expert on EPSDT, outlines clearly the ways EPSDT goes further than commercial insurance coverage to make care and treatment more accessible to the children and adolescents served by Medicaid:

- Ensures children all medically necessary treatment, with no exclusions related to certain physical and mental health conditions;
- Uses a preventive and ameliorative pediatric medical necessity standard;
- Makes care available to children without any limitations on scope or duration;
- Covers case management and personal attendant services and other supports to help ensure children benefit from the treatment they receive;
- Permits coverage of health care treatment in non-traditional as well as traditional health care settings, including settings where children are most likely to be such as child care programs, schools, or mobile vans that come to their neighborhoods; and
- Offers payment for transportation services and special nursing supports, as well as payments for community health centers and other safety net providers that can offer the children the special services and supports they need. [2]

As a parent and grandparent, I want all my children and grandchildren and all children to have access to this comprehensive range of care and support, and suspect that all of you do as well. We must now make comprehensive health and mental health care available to children in Medicaid the standard for ***all*** children, recognizing that it is based on children's assessed needs and that many children will only need basic supports. It is unconscionable to deny children the care they need. Covering children is the least

[2] Rosenbaum, Sara. "Creating Comprehensive and Stable Health Insurance Coverage for All Children: Resolving the 'Coverage Pathways' Challenge and Building High Performance." The George Washington University Medical Center, Washington, DC. http://www.firstfocus.net/Download/Rosenbaum_5.5.09.pdf

expensive and most cost effective approach to help control skyrocketing health costs and to bend the long-term cost curve.

Estimates done for the Children's Defense Fund by the Lewin Group in 2007 indicated that providing EPSDT benefits to all children would cost about 12 percent more than providing the benchmark benefits more routinely provided by commercial insurance plans. I strongly urge the Committees to make this relatively inexpensive investment now.

3. All Eligible Children Should Get and Stay Enrolled in Health Coverage

The fact that two-thirds of uninsured children are already eligible for coverage under Medicaid or CHIP but are not enrolled clearly illustrates the numerous barriers that prevent children from getting health coverage. This is your chance to fix this big problem. The current health care system for children is neither simple nor seamless for families. They face formidable and unnecessary administrative barriers imposed by states that lead often to frequent, unnecessary, costly and harmful coverage gaps.

Just as the health insurance default for our nation's seniors is enrollment in Medicare, this should also be the case for our nation's children. We applaud the proposal in the discussion draft to enroll all children at birth. No infant should leave the hospital after delivery without health coverage. Other critical junctures provide easy opportunities for enrollment: child care, Women, Infant and Children's Program (WIC), the National School Lunch Program, food stamps, and school registration and health visits. More than 70 percent of low-income uninsured children are in families already receiving means-tested nutrition assistance. Using these programs as a basis for automatic enrollment, and adopting presumptive eligibility, could quickly enroll many low-income children who are eligible but uninsured. The success of automatic enrollment in reaching a high percentage of the eligible population in other contexts – from retirement savings programs to drug discount cards – demonstrates the promise it holds to increase significantly children's enrollment. If we are serious about controlling costs, we need to get as many children into care to detect and treat their problems early. This is the most cost-effective approach, far preferable than denying coverage to save money in the short term (which costs far more in the long run) as too many states now do.

Building on CHIPRA's administrative improvements, we urge that a system of streamlined enrollment for children include: a simple, short joint Medicaid and CHIP application form translated into multiple languages; applicant self-attestation of eligibility subject to verification and random audits or both; the option to submit applications in-person, online, by mail, or as part of applications for other programs; express lane enrollment; 12-month continuous eligibility; presumptive eligibility during an interim period of coverage for individuals who appear to qualify for assistance under this title, on the basis of preliminary information; and a determination of continued eligibility at the end of the individual's eligibility period, based on all data available to the State. All waiting periods should also be eliminated.

Without requiring states to take such simple and inexpensive steps, many uninsured children could remain uninsured, even in the face of a parental mandate.

CHILDREN CANNOT WAIT FOR HEALTH COVERAGE

It is morally and practically indefensible in 2009 in the wealthiest nation in the world, with an annual GDP of more than $14 trillion, for our nation's leaders to be debating how many (or how few) children should have health coverage this year. Since the Medicaid program began in 1965, we have been laboriously trying to cover children—thousand by thousand, million by million, state by state. As we've debated incremental changes, generations and millions of our children have been sacrificed. And it's not about the money. It's about our values and our political will and commitment to basic justice. The

real debate should be about why we have nine million uninsured children in America and how we are going to end this economically costly and morally intolerable reality right now.

As the Committee considers the Comprehensive Health Reform Discussion Draft and Congress continues to debate health reform proposals, I urge you to pass health reform legislation that ensures all nine million uninsured children and all 800,000 uninsured pregnant women in America access to affordable, comprehensive health and mental health coverage. In our great nation, no child should be born at low birthweight because of preventable causes or die in the first year of life because their mothers did not have adequate prenatal or postnatal care. The U.S. ranks 27th among 30 industrialized countries in infant mortality. Each year, more than 350,000 infants, one in every 12, are born at low birthweight and approximately 28,000 children die before their first birthday. Low birthweight babies are at risk for future health and learning difficulties. Undiagnosed, untreated, and poorly managed health and mental health problems increase a child's chances of falling behind in school or having disciplinary problems and decrease a child's chances of succeeding in and out of school. Our woefully inadequate mental health care system causes the inappropriate incarceration of thousands of children and youths in costly juvenile detention facilities solely because community mental health services are unavailable. Children who go into the juvenile justice system are at much greater risk for entering the adult criminal justice system. Our children cannot wait any longer for the health coverage they need nor can our country.

Is there one elected official that has not professed that "children are our future"? Speaker of the House Nancy Pelosi recognized, "For too long, America's children have come in last in the competition for government investments. For too long, we have allowed outdated ways of thinking to determine our policies regarding our children. And for too long, there has been not enough political will to make children our number one priority in our work here in Congress." If we truly believe, as we must, that children are the foundation of family values and the future, that children have the right to be born healthy and be ready for and able to learn in school, then this Congress and this President can and must fully fund health reform and cover every child.

This is what the President himself called for when he signed CHIPRA into law earlier this year and eloquently testified to the urgent need to do more for children: "I refuse to accept that millions of our kids fail to reach their potential because we fail to meet their basic needs. In a decent society, there are certain obligations that are not subject to tradeoffs or negotiation— health care for our children is one of those obligations."

The test of the morality and common sense of a society is how it treats its children who are the human capital upon which our collective future depends. America is failing this basic test. No child should have to wait until age 65 for the health care guarantee we provide America's senior citizens. But what a moment of opportunity you have to move America and the world forward through our example and leadership.

INVESTING IN CHILDREN IS A SMART INVESTMENT

Making Health Coverage Affordable and Available Saves Lives and Money

Providing all children quality health coverage is not only the right thing to do, it's the smart and cost effective thing to do. Children without health coverage are at higher risk of living sicker and dying younger than those with coverage. A study by noted health economists Jonathan Gruber and Janet Currie suggests that expanding health coverage could prevent hundreds of deaths among children each year. Compared to their insured peers, uninsured children are almost ten times as likely to have no usual place of health care, ten times as likely to have an unmet medical need, more than eight times as likely to have delayed medical care due to cost, more than five times as likely to have an unmet dental need,

more than four times as likely to have gone more than two years without seeing a doctor, and twice as likely to have gone more than two years without a dental visit.

Covering all children is one of the smartest, most cost-effective choices our country can make. A year's coverage for a single working adult costs about three times what it costs to cover a child for the same length of time. Investing early can prevent future problems. Poor health in childhood can cast long shadows later in life, so good childhood health is essential both for children themselves and the adults and workers they will become.

It makes *no* sense to wait until a child is born to invest. Hospitalization costs for a preterm or low birthweight baby are 25 times that of a healthy baby. Children born at low birthweight are twice as likely to have clinically significant behavior problems, such as hyperactivity, and 50 percent more likely to score below average on measures of reading and mathematics at age 17.

We know that investing in preventive services for children and addressing their health problems *now* is far more cost-effective than ignoring them. Research shows, for example, that every $1 spent on vaccinations for children saves $16 in medical and other costs.[3] These costs include direct medical costs related to the treatment of preventable diseases such as hospital costs, as well as the costs of caregivers who must miss work in the event of a child's illness.

Uninsured children also are more likely to rely on emergency care, which is not an effective solution. In Texas, taking a child for a doctor's office visit in the early stages of an asthma attack costs around $100. But if that same child fails to get early treatment and has to go to the emergency room with full-blown asthma symptoms, the child may face a three-day hospital stay that costs more than $7,300, according to the Harris County, Texas hospital. Relying on increasingly crowded emergency rooms to provide primary care for the uninsured is a penny-wise, pound-foolish solution.

Good oral health care is also an essential preventive service. Tooth decay is the most common chronic disease of childhood, costly to medical insurance if left untreated and consequential to eating, speaking and learning. Yet for every child lacking medical coverage, two lack dental coverage. About $8 million a year is spent on hospital care for the treatment of dental abscesses. In 2007, 12-year-old Deamonte Driver, who lived in nearby Prince Georges County, Maryland, died from an infection from a dental abscess that spread to his brain. A tooth extraction for $100 could have prevented the infection and the $250,000 in emergency care to try to save his life. He fell through the cracks of our broken child health system.

The Lack of Health Coverage Affects More Than Just a Child's Health

Poor health in childhood is linked not only with poor health as children grow into adulthood, but with lower income and wealth. One study found that having health insurance coverage during pregnancy substantially reduces the probability of low birthweight and prematurity, and that being born at low birth weight increases the probability of not working by more than seven percentage points among adults who did not have health coverage as children.[4]

A study by the National Bureau of Economic Research showed that controlling for parents' income, education, and social status, children who experience poor health have significantly lower educational attainment, significantly poorer health, lower earnings, and lower likelihood of working on average as

[3] Fangjun Zhou; Jeanne Santoli; Mark L. Messonnier; Hussain R. Yusuf; Abigail Shefer; Susan Y. Chu; Lance Rodewald; Rafael Harpaz. "Economic Evaluation of the 7-Vaccine Routine Childhood Immunization Schedule in the United States, 2001." *Archives of Pediatric and Adolescent Medicine*. 2005;159(12):1136-1144.

[4] Johnson RC and Schoeni RF. The influence of early-life events on human capital, health status, and labor market outcomes over the life course. National Poverty Center Working Paper Series #07-05, February, 2007.

adults.[5] Lack of health insurance also reduces the returns on major social investments such as education, and education levels are strongly associated with income. The median income for individuals 25-years-old and over with less than a high school diploma is $14,146; for those who completed a high school diploma the median is $22,184 – or about half of the median for those with bachelor degrees, which is $41,161.[6]

Covering All Children Makes Economic Sense

The average annual cost of group health coverage purchased through an employer is now more than $12,500. Since 2001, employer-sponsored health insurance premiums for families have increased 80%, rising more than three times as fast as wages (which rose 24% in the same time period) and almost four times the rate of inflation (21 percent). Rising costs are closely linked with loss of employer coverage.

Much has been made of the cost of universal coverage. But the costs of *not* insuring all children are much higher still. In addition to the costs to children's health and lives, our nation will continue to pay the hidden high costs of not insuring our nation's children. These include the costs of uncompensated care for the uninsured; treating non-emergencies in emergency rooms; and treating full-blown conditions and illnesses in children who could have received less expensive preventive care. Another example of "hidden costs" is the estimate that one quarter of the total costs of mental health treatment services among adolescents were incurred in the education and juvenile justice systems.[7] Despite the common belief that our nation does not have to pay for children without coverage, in fact, we subsidize some of these costs in higher premiums and higher tax dollars—paying a "hidden tax" to subsidize the uninsured.

Numerous health economists have discussed the economic benefits of universal coverage. A new 2009 study by researchers at Rice University's James Baker Institute for Public Policy concluded that the increased life expectancy and improved health status resulting from covering all children—in addition to productivity gains for future workers—will be cost-saving for society.

Jonathan Gruber and others have also documented the importance of "job lock," estimating that fear of losing health insurance reduces job mobility by as much as 25 percent among workers who receive insurance from their employers.[8] More efficient labor markets, along with improved productivity, could go a long way in restoring America's prosperity in this time of economic crisis.

MAKE SURE HEALTH REFORM TRULY HELPS CHILDREN

I thank the Committees for the improvements that the Comprehensive Health Reform Discussion Draft would make to the current health care system, including many of the following that will assist both low income adults and children:

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[5] Case, Anne, Angela Fertig, and Christina Paxson. (2003) From Cradle to the Grave? The Lasting Impact of Childhood Health and Circumstance. *National Bureau of Economic Research* Working Paper No. 9788.

[6] U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement, Educational Attainment in the United States: 2006, Table 8, "Income in 2005 by Educational Attainment of the Population 18 Years and Over, by Age, Sex, Race Alone, And Hispanic Origin: 2006" Both sexes, at http://www.census.gov/population/www/socdemo/education/cps2006.html , accessed August 22, 2007.

[7] "Preventing Mental, Emotional, and Behavioral Disorders Among Young People: Progress and Possibilities"

Mary Ellen O'Connell, Thomas Boat, and Kenneth E. Warner, *Editors.* National Research Council and Institute of Medicine of the National Academics. The National Academies Press, Washington, D.C. 2009.

[8] Gruber, J and Madrian, B. Health insurance, labor supply and job mobility: a critical review of the literature. IN: McLaughlin CG, ed. Health policy and the uninsured. Washington, DC: Urban Institute Press, 2004: 97-178.

- Expanding the Medicaid eligibility floor to 133 percent FPL would theoretically expand health coverage to 36 percent of poor uninsured adults and 3.7 million uninsured children if all were able to enroll;
- Requiring numerous long-overdue insurance market reforms that will benefit both children and adults by prohibiting pre-existing condition exclusions, life time and annual limits on benefits, and limiting cost sharing;
- Specifying that maternity benefits, well baby and well child care, oral health, vision and hearing services, equipment and supplies for children under 21, and mental health and substance abuse disorder treatment must be covered for all individuals getting care through the new Exchange;
- Prohibiting cost sharing for preventive care, including well baby and well child care, and including a new grant program to provide a coordinated system of quality evidence-based home visiting to reach tens of thousands of low-income young children and their families;
- Ensuring that no newborn leaves a hospital in the United States uninsured by enrolling children in health coverage at birth;
- Facilitating access to health coverage by streamlining the application process for families;
- Recognizing that some families will need culturally and linguistically appropriate assistance in signing up for Exchange coverage;
- Including dependent coverage in the employer mandate;
- Establishing minimum loss ratio of 15 percent so insurers can spend more dollars investing in health;
- Including a strong public health insurance option that will force health insurance companies to compete, give consumers greater choice, and help control cost increases over time; and
- Taking steps to improve quality throughout the health care system.

The Children's Defense Fund strongly supports these long overdue policies and thanks you for your leadership in moving them ahead. However, there is much more to be done for health reform to achieve essential and transformational change for children. We agree with the President that this is truly a historic opportunity for transformative change and see a unique opportunity for you to correct the structural inequities that have been built into our health care system through incremental reforms over the past 42 years, when Medicaid first addressed the unique needs of young children.

I strongly recommend that you amend your draft bill to address the three critical areas for improvement that I stated earlier in my testimony: a national eligibility floor for children at 300 percent of the Federal Poverty Level; comprehensive health and mental health benefits for all children, building on what children now get in Medicaid; and a simplified system of enrollment so that all children who are eligible will be enrolled. These are essential to ensuring that children truly benefit from health reform. Let me spend a minute on each of them.

Establish a uniform eligibility floor for children at or below 300 percent of the Federal Poverty Level, so children will no longer be subject to the lottery of geography.

More work must be done on affordability. Remember that in 29 states, Medicaid covers all children (of any age) at or above 133 percent FPL, and 12 cover children above 200 percent. In CHIP, of course, all states cover children at least up to 150 percent and some go as high as 400 percent FPL. We are very concerned that states will drop coverage for children above 133 percent FPL. We appreciate the fact that the draft includes a maintenance of effort provision, at least for Medicaid, but our policy experience over the years makes us skeptical that without additional incentives, the maintenance of effort will not offer these children the protection they need. It is also not clear what protections, if any, will apply to children enrolled in CHIP in states with Medicaid expansion programs, who are currently entitled to EPSDT benefits.

We also are deeply concerned that the draft bill leaves millions of children still subject to the lottery of geography. Earlier this year, there were still 33 states that had children of different ages eligible for different benefit levels. The legislation you write is an opportunity to eliminate the lottery of geography that currently leaves one third of our nation's children each year enrolled in 50 different state systems, each with different rules about eligibility, enrollment and recertification—in sharp contrast to the one national system we have created for our senior citizens.

A child is a child and each life is of equal value. Is a child in one state more worthy of comprehensive health coverage than a child in another state, or is a 5-year-old more deserving of care than a 7-year-old? Of course not—and yet this legislation as written would enshrine current vastly disparate and unjust eligibilities for children in perpetuity. In the strongest possible terms I urge the Committees to make all children and pregnant women to 300 percent FPL eligible for coverage under Medicaid and/or CHIP in all 50 states and the District of Columbia.

Another key aspect of affordability for health care is the need to help families pay premiums and the costs for care their children need. The Medicaid program requires states to cover children at higher income levels than adults to ensure they get the services they need in their critical formative childhood years, and sets strong limits on cost sharing. Additional evidence of the special place for children in our health system is the popularity of the CHIP program created with bipartisan support, to provide health coverage to help lower and middle income families pay for health care. In Medicaid, premiums are prohibited, and only nominal cost sharing is allowed for mandatory populations, and there is a total out of pocket cap at five percent of family income. Currently, state Medicaid programs cover children in families with incomes ranging from 100 to 300 percent FPL, depending on their age and where they live. Similarly, in CHIP, costs cannot exceed five percent of family income and there is no cost sharing for well-baby and well-child care, including immunizations. I was pleased to see the prohibition against cost sharing for these services in your bill.

Clarify that all children in Medicaid, in CHIP and in the Exchange will be eligible for the comprehensive health and mental health benefits that children in Medicaid are already guaranteed.

All children need a comprehensive package of health and mental health benefits that responds to their unique health needs. The draft bill does not assure them of this support. There is little clarity in the draft as to what benefits different groups of children will be eligible for and what enforcement mechanisms will be in place to ensure they actually get these services. It is not clear, for example, that children in CHIP will even receive in the Exchange all they are currently receiving in the CHIP Program. I urge you to make clear that children in the Exchange will be eligible for comprehensive benefits comparable to what children in Medicaid receive. While you have included a strong list of "essential" services to be covered in the Exchange, these terms are not yet defined and it is not clear that the other features of comprehensive coverage will also be included. We would like to work with the Committees to develop language to ensure that the Health Benefits Advisory Committee has clarity through the statute about the standard of care that must be provided to children in the Exchange. There must also be more attention to who must participate on the Committee to ensure that the needs of children and adolescents are adequately addressed.

Our concerns about children getting the comprehensive benefits they need are significantly heightened when we read they can be moved from Medicaid or CHIP to the Exchange. The Exchange is an unknown quantity and we strongly recommend that no children be transferred from Medicaid or CHIP to the Exchange until it is clear that it is a robust program. We must not gamble with children's lives and health. We must be able to ensure that the Exchange structure can provide the most vulnerable children the benefits and protections equal to or superior to what they have today. No children should be worse off.

We see language in the Comprehensive Health Reform discussion draft that refers to wrap around services being guaranteed to children in Medicaid who are transferred to the Exchange. However, we are well aware of the challenges parents and advocates have faced in trying to obtain these wrap-around services in states with managed care plans. Similarly, other efforts have also tried to require that states ensure children a Medicaid wrap on top of other benefits and that too has been problematic.

Simplify enrollment procedures so that children who are eligible but not enrolled will be able to get coverage without jumping through unnecessary hoops.

In order to ensure that our recommendations above will truly benefit children, any health reform bill must include critically important steps to simplify enrollment and to end the bureaucratic barriers that now result in two-thirds of uninsured children being eligible for but not enrolled in health coverage. The new eligibility floor in your draft bill will potentially provide health coverage to 3.7 million uninsured children, but please remember that all of these children are already eligible for Medicaid or CHIP, but are not currently covered due to restrictive state-imposed administrative requirements. Without requiring states to drastically simplify enrollment and institute automatic enrollment at various points, as you do at birth, it is likely that many of the children you add will remain uninsured, even if the individual mandate were adopted.
I urge the Committees to build upon the simplifications and improvements that were included in CHIPRA and to require all states to implement a simplified enrollment and re-enrollment process that include all the steps I mentioned above. All waiting periods should be eliminated. All of these simplifications will make it easier for parents and children to actually get health care.

I also urge the Committees to extend opportunities for automatic enrollment beyond birth to other critical junctures for children, including child care, and school registration and health visits. Children should also be able to enroll when they apply for other means-tested programs, such as WIC, the National School Lunch Program, and food stamps.

Let me close with a final brief point on affordability. All of the above improvements I urge you to take now are affordable – especially when you consider the enormous costs down the road if children's needs are not addressed, and the very small proportion of the overall health reform budget that is or will be spent on children. You have already included important steps in your draft – and we are just asking you to finish the job for children.

Congress can and must find the money to ensure all children comprehensive health and mental health coverage up to 300 percent FPL. Health care financing is an important part of the health reform debate, but we must do what's right for children's health and finance it accordingly, not make small changes to fit a number and call it transformative health policy reform. Our first reforms in Medicaid for children were made in 1967. How many children have fallen through the cracks over the past 42 years? Children can wait no longer. The time is now.

Congress found the money to bail out banks, insurance companies, and auto companies. Congress didn't struggle to pay for a "patch" to the Alternative Minimum Tax which has cost tens of billions of dollars. Congress cannot waive PAYGO rules for banks and corporations and insist that we don't have the money to offer health coverage to all uninsured children. It is unconscionable to extend portions of the 2001 and 2003 Bush Administration tax cuts without offsets while children's critical health needs are ignored. Right now, hedge fund managers are paying lower effective tax rates than their secretaries; millionaires are receiving annual tax breaks averaging more than $100,000; and there are proposals to gut the estate tax, which will affect the estates of three in 1000 people who die this year, who already are

receiving an inexcusable level of support (when in full effect, they would cost taxpayers about $440 billion over ten years.) We can't afford not to cover children now.

Funding a strong health reform package for children and all in America will require shared sacrifice across multiple sectors; the Children's Defense Fund believes that all options must be on the table. There is no more important priority than our children's health. We do not have a money problem. We are the world's richest nation. But we have a profound values and priorities problem that places tax cuts for millionaires ahead of life giving care for mothers and investments in bombs and missiles that kill above our children's health. All children in America should have access to comprehensive health coverage so that they can grow up to be healthy, educated, productive adults and can build a strong American nation that can lead and compete in the globalizing world. Now is the time to show that democratic capitalism can work for *all* our children and all our people.

Thank you all for your hard work. We look forward to working closely with you as you continue to forge a transformational health reform proposal this year for all in America.

Appendix 1

Is our country living its creed and preparing for the future?

How America Ranks Among Industrialized Countries in Investing In and Protecting Children

1st in gross domestic product
1st in number of billionaires in the world
1st in health expenditures
1st in military technology
1st in defense expenditures
1st in military weapons exports
16th in maternal mortality rates
21st in 15-year-olds' science scores
22nd in low birthweight rates
23rd in neonatal mortality rates
25th in 15-year-olds' math scores
27th in infant mortality rates
Last in relative child poverty
Last in the gap between the rich and the poor
Last in adolescent (age 15 to 19) birth rates
Last in protecting our children against gun violence
Worst in the number of persons incarcerated

The United States and Somalia (which has no legally constituted government) are the only two United Nations members that have failed to ratify the U.N. Convention on the Rights of the Child.

The United States is the only major industrialized country that does not guarantee prenatal care to pregnant women.

If we compare just Black child wellbeing to children in other nations:

62 nations have lower infant mortality rates, including Barbados, Malaysia, and Thailand.

Over 100 nations have lower percentages of low birthweight births, including Algeria, Botswana, and Panama.

Black women in the United States are more likely to die from complications of pregnancy and childbirth than mothers in Azerbaijan, Turkmenistan, and Uzbekistan.