

June 11, 2018

Dear Senator:

I am writing on behalf of First Focus Campaign for Children, a bipartisan national organization dedicated to improving the health and well-being of our nation's children, to express our strong opposition to H.R. 3, the so-called "Spending Cuts to Expired and Unnecessary Programs Act."

The proposed rescission of \$15 billion in spending authority included in H.R. 3 targets children, specifically the Children's Health Insurance Program (CHIP), for \$7 billion or almost half of all the proposed cuts. Sadly, this legislation reopens CHIP financing just months after the program went through a rather lengthy reauthorization process that included numerous temporary extensions and then, four months past the initial expiration of CHIP's funding, passage of H.R. 195, which extended CHIP for six years, and then H.R. 1892, which extended CHIP for another four years.

Over the two-decade history of CHIP, it has – in tandem with Medicaid and private health insurance – cut the uninsured rate for children by more than two-thirds. During this recent reauthorization process, a nationwide poll conducted by the Kaiser Family Foundation found that 88 percent of Americans felt that Congress should make the extension of CHIP funding a top priority. The program has always had strong bipartisan support, as it did this year, because it is widely seen as a bipartisan success story.

Unfortunately, CHIP is financed as a block grant, which means that its funding is arbitrarily capped and fails to adjust for population growth or changes in unforeseen or unanticipated need, such as economic recessions, public health crises, changes in funding of the program to improve access to care, or natural disasters, including hurricanes, tornadoes, and wildfires that are typical in summer months.

Consequently, in the early years of CHIP, the program faced some difficult periods in which some states imposed waiting lists and enrollment freezes when federal funding failed to meet the needs of children. Those indefinite waiting lists and enrollment freezes were imposed without regard to disability or need, including children with cancer, cystic fibrosis, severe asthma, and other life-threatening or severe conditions.

In recognition of the fact that waiting periods and enrollment freezes were threatening the lives and well-being of children, Congress revamped CHIP's financing in a number of ways, including the creation of CHIP's Child Enrollment Contingency Fund in 2009. The CHIP contingency fund is set at 20 percent of overall CHIP spending and acts as a critically important backstop that protects against unforeseen or unanticipated federal funding shortfalls that threaten the health of children.

During the lengthy two-year most recent bipartisan reauthorization of CHIP that culminated in a six-year extension and a subsequent addition of four more years for a total of 10 years, CHIP's Child Enrollment Contingency Fund was extended both times with no discussion or debate about changing the way it has successfully worked to protect the health of children.

And yet, the Administration is now proposing, just months after signing two extensions of the CHIP contingency fund into law, to slash the CHIP contingency fund by \$1.9 billion, or nearly 80 percent as part of H.R. 3. This undermines the very purpose of a contingency fund, which is to cover unforeseen or unanticipated increases that previously led to waiting lists and enrollment freezes for children's coverage.

In making this proposal that not only targets CHIP for a disproportionate level of the proposed cuts but also reopens up the debate over CHIP financing, the Administration argues that the contingency fund “will likely not be spent,” even as it seeks to slash the CHIP contingency fund from 20 percent to just 3-4 percent of program expenses. The argument that the Congressional Budget Office (CBO) does not score the provision is absolutely meaningless because it fundamentally fails to understand that a contingency is, by definition, “a future event or circumstance that is possible but cannot be predicted with certainty.” CBO cannot score an unforeseen or unanticipated economic recession, a health epidemic like Zika, or a natural disaster, which are all more likely during the forthcoming summer months.

Consequently, the proposed rescission or raid of the CHIP contingency fund by \$1.9 billion, or 80 percent, undermines the very purpose for the fund, which is to protect the health coverage of children against such unanticipated or unforeseen circumstances.

Another critically important point to make is that the proposed rescission to the CHIP Child Enrollment Contingency Fund would not save money. The contingency fund is set at 20 percent of the overall CHIP allotment each year, so any money raided from the fund this year is automatically restored in the following year. In other words, over a two-year period, this proposed rescission would not save any money because any money raided from the contingency fund this year would be restored in the following year.

As a result, the only effect of the proposed \$1.9 billion rescission the CHIP contingency fund would be to unnecessarily gambles with the health of our children under the guise that there probably won’t be unanticipated or unforeseen events that might cause a state or states to need to tap into the contingency fund this summer or early fall.

It is also important to point out that the two CHIP extensions, which included the CHIP contingency fund, that were passed just a few months ago were fully paid for. In fact, according to CBO, the CHIP reauthorization saved \$6 billion. Therefore, it is shocking that CHIP would be the target of a rescission package and account for 46 percent or almost half of all the proposed reductions in H.R. 3.

If Congress wishes to completely reopen the debate over CHIP and how it is financed, then we are prepared to push for a number of amendments that we believe would improve the health and well-being of the 9 million children that are served by the program.

In the meantime, we stand with more than 500 other national, state, and local organizations from across the country that wrote a letter to Congress in opposition to the \$7 billion in CHIP cuts proposed in H.R. 3. As the letter reads, “The nine million children and families who depend on CHIP have already faced months of uncertainty, when its funding expired before Congress took long-overdue action to extend CHIP funding for ten years. After breathing a short sign of relief, however, the long-term stability and protection these families fought to ensure is once again in jeopardy. Our organizations urge you to protect children and families, and to reject any proposed cuts to the Children’s Health Insurance Program.”

Thank you for your consideration.

Sincerely,



Bruce Lesley
President