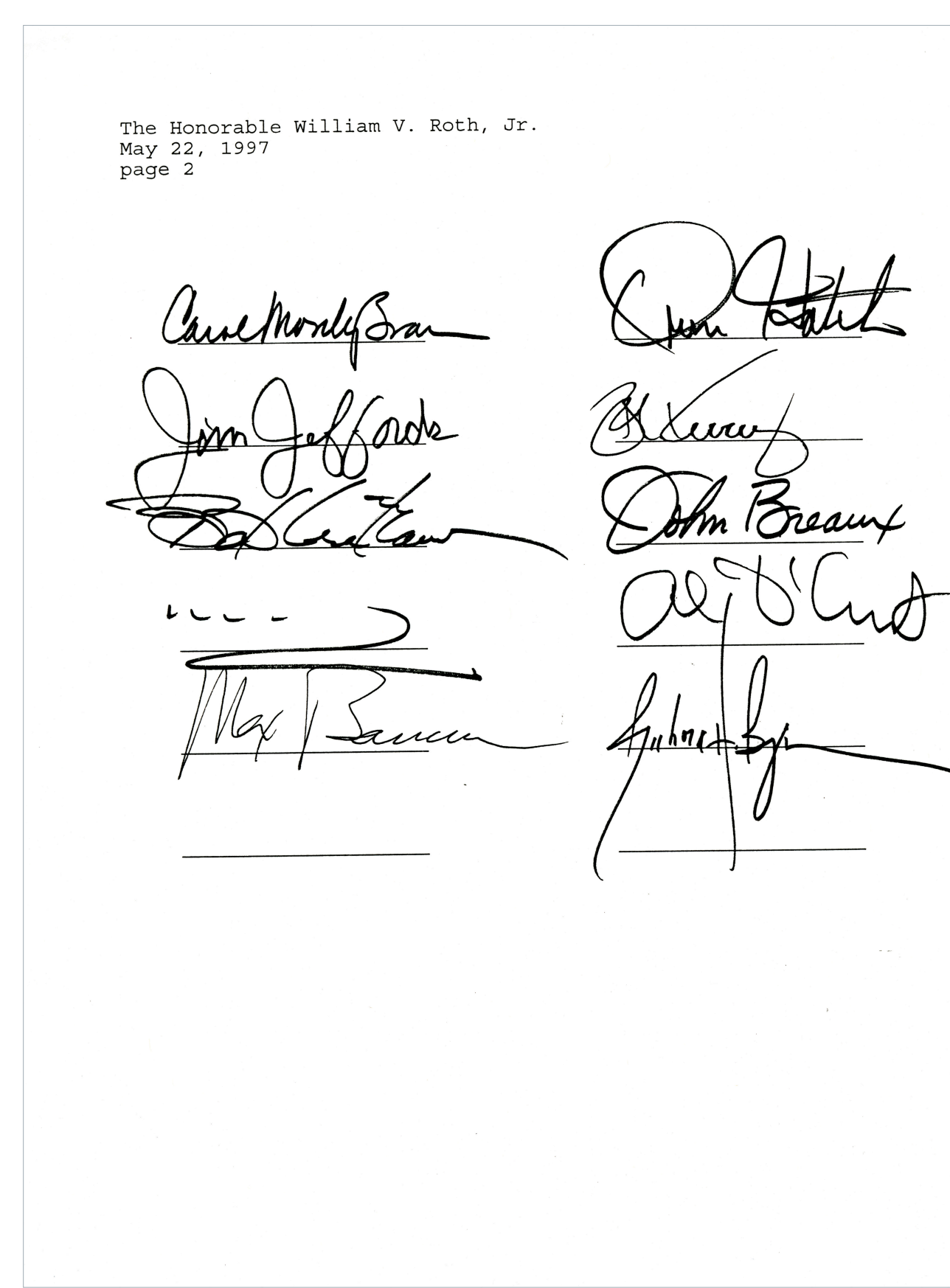
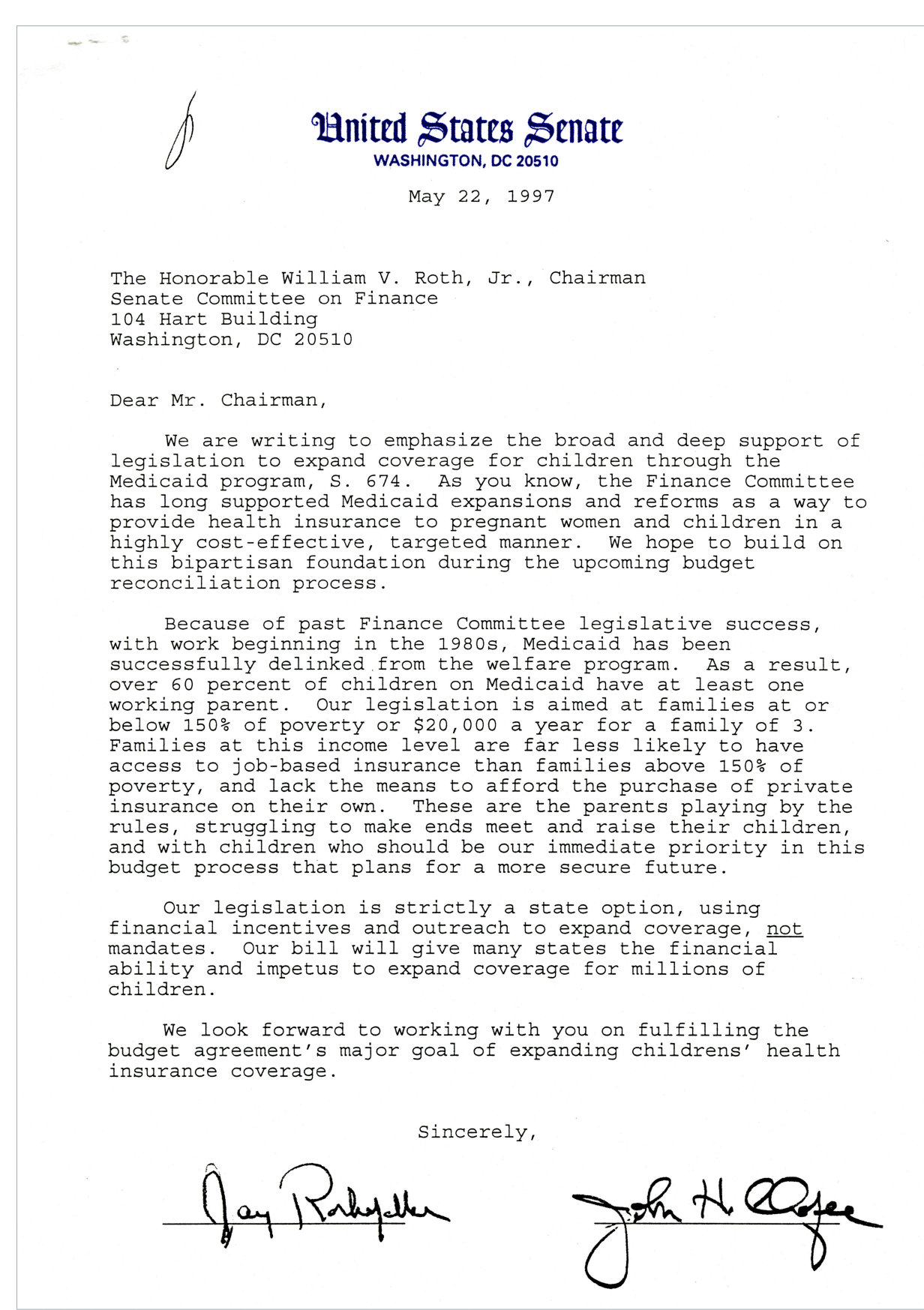




PASSING THE CHILDREN'S HEALTH INSURANCE PROGRAM

As the Chafee-Rockefeller bill advanced to the Senate Finance Committee (SFC), staff were confident they had the votes to pass it through Committee. In a letter to Chairman William Roth (R-DE), Senator Rockefeller and colleagues emphasized the legislation's "broad and deep support." Working closely with Senator Hatch, Rockefeller and Chafee crafted a compromise proposal that included a version of the block grant program from the Kennedy-Hatch bill. However, overnight lobbying by the National Governor's Association swayed several members of the SFC from voting for the proposal. Critics, including many conservative state governors and Chairman Roth, argued that states needed greater control to direct funds.



Senate Panel Rebuffs Clinton on Child Health Plan

WASHINGTON, June 17 — Conservative Republicans scored a big victory Sunday as the Senate Finance Committee rejected a bipartisan proposal to expand Medicaid to cover children. The action, by a vote of 11 to 9, was a setback for President Clinton, who had vowed earlier this week to sign the bill. The committee decided instead to give states a choice between Medicaid and a new program that would offer each state a lump sum of federal money, with broad discretion to provide health coverage to children. The bill would have provided block grants because they show best how to meet the needs of children in their states.

Mr. Clinton and a handful of other Republicans reacted against the likelihood of their plan, which has been widely criticized by members of the Federal Reserve Board.

Senator Trent Lott of Mississippi, the majority leader, said members of both parties put intense pressure on members of the Finance Committee to support the Clinton proposal.

"An amazing number of governors who are interested in children — have been calling in the last two days," Mr. Rockefeller said. "There's a reason for that. Under the block grant, there's no money they like. Medicaid is a 30-year-old program that works, and it's a better deal for the children of America."

The western Republican had said the Federal Government would, in effect, have increased Medicaid spending for children already enrolled in the program.

Senator Daniel P. Moynihan, Democrat of New York, defended the block grant, saying it "provides a flexibility that our Governor seeks."

Three moderate Republican Senators — Mr. Chafee, Oregon's Hank Brown and Kansas' Bill Clinton — also supported the bill. Chairman Rockefeller and other Democrats, including Chairman of Finance and Budget Committee William V. Roth, Jr. of Delaware, who wanted to give states a choice between Medicaid and the block grant.

Under his proposal, states choose the block grant would have to use the money to provide health insurance coverage for children with family incomes below twice the state's poverty level (once adjusted for family size). The money could be used to subsidize workers' premiums under health insurance coverage provided by employers. Or it could be used to provide other coverage for children, with a package of health benefits roughly comparable to those provided under the Government health program for Federal employees.

Later, the House Commerce Committee approved a similar proposal, but it imposed lower restrictions on the use of block grant money to fund the health program. States could use the money to pay doctors' and hospital bills, rather than buying insurance. And the House did not set any standards for the minimum benefits that must be provided to



Panel Rejects Medicaid Plan to Expand Health Care for Uninsured Children

Senate Panel Kills Plan on Medicaid for Children

■ Legislation: Despite backing from Clinton, proposal to provide coverage for uninsured is defeated after intense lobbying by governors, other state officials.

Under pressure, the SFC voted 11 to 9 to reject the Chafee-Rockefeller-Hatch proposal, deciding instead to allow Chairman Roth to write a proposal for SFC consideration. Ultimately, Roth included the key elements of the Chafee-Rockefeller-Hatch proposal.

At a later markup of Chairman Roth's bill, staffers recall that tensions were high, and it was unclear if the legislation would make it through the SFC. In the early morning hours, Senator Hatch made a passionate speech pleading with the SFC to pass the bill and speaking to the gravity of the issue before them.

The legislation passed, receiving the full funding and the additional revenue from the tobacco tax. In another unexpected bipartisan act, Republican Majority Leader Trent Lott (R-MS) helped to bring the CHIP legislation to the floor for a vote. As negotiations to reconcile the House and Senate versions of the bipartisan budget bill began in mid-July, Rockefeller and Chafee urged lawmakers to retain the provisions included in the Senate bill.

The New York Times, The Washington Post, and the Los Angeles Times reported on the Senate Finance Committee's surprise rejection of the Chafee-Rockefeller bill on June 17, 1997. Senator Rockefeller told The New York Times: "An amazing number of governors -- governors who had never evidenced an interest in children -- have been calling in the last two days. There's a reason for that. Under the block grant, they'll get money. They like that. Medicaid is a 30-year-old program that works, and it's a better deal for the children in America."

CHIP SENATE VERSION

- \$24 billion (\$16 billion plus \$8 billion in revenues generated from an increase in the federal tobacco tax)
- Required states to spend funds on children's health insurance
- Included a package of set health care benefits to be offered (equivalent to the Blue Cross/Blue Shield Standard Option offered to federal employees)
- Limited cost sharing requirements, such as deductibles and copayments

CHIP HOUSE VERSION

- \$16 billion
- Block grant funds that states could spend as they wanted
- Did not include a set benefits package and allowed states to offer "health services"
- Did not set limits on cost sharing requirements, such as deductibles and copayments

"We have a real opportunity to help uninsured children get the health insurance they need. Let's make sure we take advantage of this opportunity by spending this money for its intended purpose -- real health insurance and real health benefits at a price families can afford. The Senate bill does this."

Senators Jay Rockefeller, John Chafee, et al., Dear Colleague letter to Senator Daniel Patrick Moynihan, July 15, 1997