



**CHIP and Children's Health Insurance**  
House Human Services Committee  
March 1, 2007

Chairman Rose and members, I am Susan Craven, the Executive Director of Texans Care For Children. We are a non-profit organization composed of over 120 organizations and individuals working to improve the well-being of Texas' children. Texans Care For Children's Board is composed of leaders from across the state representing various sectors including business, church, professional, volunteer and non-profit organizations. We advocate for state and local policy that brings about a better quality of life for the children of our state. Each session, in concert with our membership, we develop a legislative agenda that supports efforts to improve the lives of Texas' children in six areas: child poverty, child health care, child mental health, early care and education, child welfare, and juvenile justice. Thank you for demonstrating such commitment to understanding children's issues and for inviting me to testify today.

We are a great state, and I am here to tell you that we can provide comprehensive medical and mental health coverage to all Texas children and we have to start now. We have an urgent need in Texas. This state has the highest rate of uninsured children in the nation, with one in five children - 1.4 million - lacking coverage. These children are not uninsured because their parents are irresponsible. In fact, more than 80% of these children live in working families, but their parents cannot afford or do not receive private coverage through their employers. Of the 1.4 million uninsured Texas children, half are eligible for—but not enrolled in—CHIP and Medicaid. Yet, CHIP enrollment has plunged by 181,000 Texas children since budget cuts took effect in September 2003. Medicaid enrollment has dropped by 69,000 Texas children since December 2005.

**We Can Start by Enrolling Every Eligible Child in Medicaid and CHIP**

The solution is clear and doable—we can cover all Texas kids now by investing in Medicaid and CHIP. Nationwide, SCHIP is extremely cost-effective, delivering comprehensive, affordable health coverage to millions of American children at a cost 31% lower than private insurance. Texas children deserve that same effective care, so they can grow and learn.

- It is completely realistic and a logical next step for Texas to cover all eligible kids.
- If we enrolled every eligible child in Medicaid and CHIP we would cut the number of uninsured Texas kids in half (from 1.4 million to 700,000).

- Dependable, year-round health coverage saves money for Texas families and taxpayers, while giving Texas kids the health care they need to grow into productive workers and responsible citizens.

### **When We Cover All Eligible Children, Everyone Wins**

CHIP and Medicaid are not a burden to Texas taxpayers. To the contrary, they are a wise investment. For every dollar cut to Medicaid or CHIP, local taxes rise, federal funds drop \$2.81, and premiums go up \$1.34. Texas has already forfeited \$893 million in federal CHIP funds because we don't enroll all eligible children. Leaving nearly \$900 million on the table is certainly not good stewardship of public resources! Nor is it fiscally responsible for state government to allow the burden of caring for the uninsured to fall on localities and on the insured, who then pay higher premiums, when everyone would save money if the state simply insured children who are eligible.

Consider the other economic benefits of insuring our children's health:

- Employees miss fewer days of work, saving employers money and protecting productivity.
- Sick children receive the medical care they need instead of staying home from school and falling behind, or attending classes and potentially getting other kids sick.
- Emergency rooms can focus on delivering emergency care, instead of providing routine care for poor children; children who aren't on Medicaid or CHIP tend to rely on emergency rooms for routine care. Emergency room care can cost up to 10 times as much as a preventive doctor's appointment. These extra costs get passed on to taxpayers in terms of higher taxes and increased premiums.
- Healthy children grow into productive adults with a lower incidence of chronic diseases that are very costly in terms of both economic productivity and treatment costs.

In some of the public letters that have been published in newspapers over the past year, the decline in CHIP and Children's Medicaid enrollment is attributed primarily to a growing economy. The argument is that CHIP enrollment has dropped because Texas' economy has grown and that more people are now employed at higher wages and, consequently, earn too much to be eligible for CHIP. However, this speculation has not been supported by data. HHSC data has not shown it to be the case that children are coming off of CHIP because their families are now better off financially. In fact, the HHSC Commissioner testified before this Legislature last summer that there is no data to support this interpretation of events. Leaving children's health care to ideological disagreements about the impact of economic growth on the working poor does nothing to ensure that kids get the preventative care that they need. This is not about politics and ideology—it's about doing right by Texas children.

You heard last week about the significant problems with the Integrated Eligibility system. I won't repeat what you've already heard, but I would like to point out that a broken eligibility system is costly to taxpayers. HHSC is now recouping some of the costs of fixing the contractor's mistakes and has a new strategy for moving forward with the contractor. Texans Care urges this Legislature to help restore the confidence of Texas taxpayers that our tax dollars are being spent on valuable services and not on remediating the errors of an incompetent contractor.

In summary, CHIP and Medicaid are cost-effective. Emergency rooms are very expensive compared to a preventative office visits, and counties, taxpayers & businesses pick up the cost of the uninsured. Texas Taxpayers deserve efficiently-run programs and don't need to pay for bureaucratic mistakes. There is a win-win solution here: enroll eligible kids in CHIP and Children's Medicaid and fix the parts of the system that do not currently work well.

### **What Can Texas Do?**

Clearly, the system needs to work for both kids and taxpayers. Here is the full picture of what Texas can do to ensure that children continue receiving the care they need and taxpayers aren't picking up the tab for inefficiency:

- Implement 12 months continuous eligibility for CHIP and Children's Medicaid
- Eliminate bureaucratic roadblocks to encourage personal responsibility and help low income families achieve self-sufficiency:
  - a. Fix problems with the Integrated Eligibility System to prevent eligible kids from losing CHIP and Medicaid coverage
  - b. Eliminate the CHIP asset test
  - c. Eliminate the CHIP 90 day waiting period for uninsured children
  - d. Deduct childcare and child support expenses when calculating income for CHIP
- Provide adequate reimbursement for Medicaid and CHIP providers
- Invest in outreach and education to ensure that all eligible children get the care that they need

**Thank you again for your time, interest, and commitment. If you have any questions, please feel free to contact me at 512.473.2274 or visit our website at [www.texanscareforchildren.org](http://www.texanscareforchildren.org).**

Respectfully,  
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