



September 7, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
Washington, D. C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden:

As the Committee prepares to hold a hearing on the Children's Health Insurance Program (CHIP), the Healthcare Leadership Council (HLC) welcomes the opportunity to share our thoughts on this important program with you.

HLC is a coalition of chief executives from all disciplines within American healthcare. It is the exclusive forum for the nation's healthcare leaders to jointly develop policies, plans, and programs to achieve their vision of a 21st century health system that makes affordable, high quality care accessible for all Americans. Members of HLC – hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, laboratories, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies – advocate for measures to increase the quality and efficiency of healthcare through a patient-centered approach.

CHIP is a critical part of our country's healthcare infrastructure. HLC urges Congress to support some of our most vulnerable citizens – children from families with low and moderate incomes – by continuing to fund this program. CHIP has provided coverage and encouraged participation by simplifying the enrollment and renewal process. Along with other factors, this has led to a steep decline in the number of uninsured children, from around 10 million in 1997 (when the program was enacted) to around 3 million in 2015. Coverage has especially increased among racial and ethnic minorities. CHIP and Medicaid cover more than half of Hispanic and African-American children, compared to about one-quarter of White and Asian children.

HLC strongly believes that keeping children healthy by giving them access to care is essential to the wellbeing of our society. Diagnosing and treating problems at an early age increases the likelihood that children will grow into healthy adults. This care will also save costs, as these children will be more able to work and contribute to our nation's economy in the future.

Without congressional action to extend CHIP beyond September 30, states will soon exhaust their CHIP funds. In this time of limited state resources and tight budgets, a lack of federal assistance means that states will have to remove children from CHIP. Many of these children will not be eligible for Medicaid nor will their parents be able to

afford a private insurance plan. They will then become uninsured and will have to go without necessary doctor visits, prescriptions, and other healthcare services. They will not be able to access preventive care and will instead likely be treated in emergency rooms and other high-cost settings.

HLC urges Congress to extend CHIP funding for five years. In addition, we ask the Committee to consider giving states flexibility in administering this program. For example, states could reduce their costs by making CHIP a wraparound option for children who are eligible for the program but who have access to private insurance through their parents. This option would fill in the gaps in what the private plan covers and would also cover the cost-sharing expenses of the private plan. States could also be given incentives for managing CHIP efficiently and streamlining the enrollment process.

Thank you for your work on this important issue. HLC looks forward to continuing to collaborate with you. If you have any questions, please do not hesitate to contact Debbie Witchev at (202) 449-3435.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary R. Grealy". The signature is fluid and cursive, with the first name "Mary" being the most prominent.

Mary R. Grealy
President