



Statement for the Record
Submitted to the United States Senate Committee on Finance
For the Hearing to Consider the Graham-Cassidy-Heller-Johnson Proposal
September 25, 2017
by the
Children's Defense Fund
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Washington, DC 20001

The Children's Defense Fund (CDF) appreciates the opportunity to submit a statement for the record in advance of the Senate Committee on Finance's hearing to consider the Graham-Cassidy-Heller-Johnson proposal (Graham-Cassidy bill). The Children's Defense Fund has made giving every child a healthy start a core part of our mission for nearly 45 years. The Graham-Cassidy repeal bill under consideration by your Committee would undo more than 50 years of progress expanding comprehensive child-appropriate health coverage to tens of millions of children. Today, thanks to Medicaid, the Children's Health Insurance Program (CHIP), and the Affordable Care Act (ACA), 95 percent of children in America have health coverage – an historic high. The Graham-Cassidy bill threatens progress at a time when we must continue to move forward, not backwards for children. The Children's Defense Fund strongly opposes the Graham-Cassidy repeal bill that will deprive children of the comprehensive and affordable child-appropriate coverage they are guaranteed today under Medicaid and the ACA. It jeopardizes their futures and also the nation's future economic and national security. We urge Members of the Committee to reject the bill and not report it out of committee and instead focus its efforts on extending CHIP funding and stabilizing the health insurance marketplace.

The Graham-Cassidy bill would do great harm to children:

- **It ends Medicaid as we know it with a massive cost shift to states by imposing a per person cap on federal spending, regardless of need or unexpected costs such as the opioid epidemic, rising drug prices, or recent hurricanes and other natural disasters.** States would have to pay all costs in excess of the cap, or more likely – since it would become increasingly impossible for states to fund the gap that grows bigger and bigger over time – make huge cuts in eligibility, benefits, and provider payments that will most certainly leave children and other vulnerable populations worse off. Medicaid currently assists 37 million children, covering almost half of all births and more than 40 percent of children with special health care needs.
- **Jeopardizes health coverage and special treatment for children in the child welfare system, who have long been championed by Members on both sides of the aisle in this Committee.** Children in the child welfare system have special health care needs

related to the untreated trauma and other challenges they often have experienced prior to entering care. The deep cuts to Medicaid would make it extremely difficult for states to continue funding home visiting programs, drug treatment programs and other prevention programs now benefiting from Medicaid that help keep children out of foster care. Once in foster care virtually all children now benefit from Medicaid. Many children in care have developmental problems and others suffer from chronic physical and mental health conditions. Without a guarantee of continued Medicaid funding, child welfare agencies will have to struggle to provide health and mental health coverage and other special treatment for children and youth in foster family homes and group care settings and for children with special needs adopted from foster care. For many of these adopted children, Medicaid funding helps ensure them permanent families and keep them out of more costly long-term institutional settings. Such permanency support would be severely threatened. Medicaid also assists young adults transitioning from foster care without being adopted or returned home. Education agencies too will be left with many fewer Medicaid dollars to help school districts assist children with disabilities, including children who have been abused and neglected or are in foster care.

- **Replaces the ACA's marketplace subsidies and Medicaid expansion with a block grant funded at well below current levels, and federal funds for the block grant would end altogether after 2026, resulting in even more people losing coverage after that.** States would have broad authority to spend these block grant funds on any health care expenses with no requirement that the dollars assist low- and moderate-income Americans with health coverage.
- **Allows states broad waiver authority to exclude coverage of essential health benefits, such as mental health, substance abuse treatment and maternity care.** It also allows states to return to the day when insurance companies were allowed to charge higher premiums based on health care status. When combined, such provisions in the Graham-Cassidy bill once again allow discrimination against children and adults with pre-existing conditions.
- **Destabilizes the individual insurance market in the short run by ending the mandate that all adults purchase coverage and eliminating the ACA's subsidies to purchase individual coverage.** In the long run, such changes are likely to lead to the collapse of the individual insurance market and make coverage more costly and less available to children and families and other adults.
- **Derails bipartisan efforts to extend federal funding before September 30th, 2017 for the Children's Health Insurance Program (CHIP), which ensures affordable, comprehensive health coverage for 9 million children.** By focusing attention this week on the Graham-Cassidy bill, Congress is poised to miss this important CHIP deadline. CHIP works because it is built upon the strong foundation of Medicaid, and together CHIP and Medicaid have helped reduce the number of uninsured children by a remarkable 68 percent in the last 20 years. Just last week, Chairman Hatch and Ranking Member Wyden introduced a strong bipartisan bill to extend CHIP funding for five years,

but momentum to get CHIP over the finish line has stalled and attention is focused instead on the Graham-Cassidy bill that would dismantle coverage for millions of pregnant women and children instead of improving it.

In the absence of a complete analysis from the Congressional Budget Office (CBO), independent analysts agree: the Graham-Cassidy bill is a massive funding cut to states and will result in millions of Americans losing health coverage. Both Avalere Health and the Commonwealth Fund, for example, found that the Graham-Cassidy proposal would lead to \$4 trillion in cuts to states over the next two decades because of its draconian Medicaid cuts and its elimination of the Medicaid expansion and tax credits for the ACA marketplaces that were intended to make coverage more affordable. Specifically, Avalere found children will see funding slashed by an astonishing 31 percent by 2036. Estimates from the Commonwealth Fund and the Brookings Institute show the Graham-Cassidy bill will leave 32 million more Americans uninsured by 2027, with 15 million in the first year alone. It is extremely discouraging that under Graham-Cassidy, states that have been most successful at enrolling people in newly available coverage under the Affordable Care Act would be most severely punished by deep and growing cuts. These cuts and coverage losses will impact children immediately and for generations to come.

The Children's Defense Fund joins other children's advocacy organizations and providers in calling on Members of the Senate Finance Committee and all members of the U.S. Senate to consider the harsh consequences the Graham-Cassidy bill will have on children, and all Americans, and to reject this legislation. Instead, we ask you to move forward the bipartisan Hatch-Wyden Keeping Kids' Insurance Dependable and Secure Act (S.1827) to extend CHIP for five years. The Graham-Cassidy repeal bill would reverse progress in health coverage and make children worse off by depriving them of the comprehensive and affordable child-appropriate coverage they are guaranteed today. It jeopardizes their futures and also the nation's future economic and national security. We urge the Committee to build on the progress made over the past five decades to expand and improve health coverage for children and, at a minimum, to do no harm. We must not move backwards.