



July 30, 2007

Re: Passage of the Children's Health and Medicare Protection (CHAMP) Act

Dear Representative:

On behalf of OMB Watch, a federal fiscal and regulatory watchdog, we want applaud the committees of jurisdiction on their work to craft the Children's Health and Medicare Protection Act (CHAMP Act). This legislation builds upon the success of the SCHIP program and will ensure more children get access to quality, affordable health insurance. It also demonstrates an important commitment to fiscal responsibility and would reduce the long-term fiscal gap between health expenditures and revenues. Together, these pieces are an important step towards ensuring that the federal government can both meet the health care needs of vulnerable children and maintain the fiscal balance essential to effective long-term public investment. **We urge all members to support the passage of the CHAMP Act.**

Reauthorizing the State Children's Health Insurance Program is one of the most important tasks before Congress this year. Since SCHIP's creation in 1997, the number of uninsured children has been reduced by a third and this year, six million children have healthcare because of SCHIP. The CHAMP Act would increase SCHIP's funding level by committing an additional \$50 billion over five years to reauthorize and improve SCHIP. The CHAMP ACT also nearly offsets new spending over a five-year window, which we believe is a significant accomplishment in balancing important national priorities and fiscal responsibility.

The CHAMP Act couples a significant funding increase with savings in the Medicare Advantage program, which the Medicare Payment Advisory Commission (MedPAC) has found to be 12 percent more expensive than traditional Medicare coverage. Redirecting funding for Medicare Advantage to SCHIP is a more efficient use of funding and we applaud the Energy and Commerce Committee's action in changing this policy.

By making health care spending more efficient, the CHAMP act also helps close the long-term fiscal gap, the difference between projected federal revenues and liabilities over the next 40 years. A recent examination of the spending projections by Henry Aaron of the Brookings Institution shows that increases in health care expenditures account for the entirety of the fiscal gap. Reforms that root out inefficiencies – like in the Medicare Advantage program – hold the promise of resolving the long-term fiscal gap without decreasing the quality or quantity of health care services available to all Americans.

This bills shows that the goals of responsible fiscal stewardship and making funding available for high-priority programs are not mutually exclusive. We strongly urge your support for passage of the CHAMP Act.

Sincerely,

Executive Director

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1742 Connecticut Ave NW
Washington, DC 20009

* tel: 202.234.8494
* fax: 202.234.8584

* email: ombwatch@ombwatch.org
* web: <http://www.ombwatch.org>