

Gov. Jennifer Granholm
Michigan

Gov. Bill Ritter
Colorado

Gov. Ruth Ann Minner
Delaware

Gov. Rod Blagojevich
Illinois

Gov. Chet Culver
Iowa

Gov. Kathleen Sebelius
Kansas

Gov. John Baldacci
Maine

Gov. Martin O'Malley
Maryland

Gov. Deval Patrick
Massachusetts

Gov. John Lynch
New Hampshire

Gov. Jon S. Corzine
New Jersey

Gov. Bill Richardson
New Mexico

Gov. Eliot Spitzer
New York

Gov. Ted Strickland
Ohio

Gov. Brad Henry
Oklahoma

Gov. Ted Kulongoski
Oregon

Gov. Ed Rendell
Pennsylvania

Gov. Aníbal Acevedo Vilá
Puerto Rico

Gov. Timothy M. Kaine
Virginia

Gov. Chris Gregoire
Washington

Gov. Jim Doyle
Wisconsin

Gov. Dave Freudenthal
Wyoming

June 7, 2007

The Honorable Max Baucus
Chairman, Senate Finance Committee
U.S. Senate
Washington, D.C. 20510

The Honorable John Dingell
Chairman, House Energy & Commerce
Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Grassley
Ranking Member, Senate Finance
Committee
U.S. Senate
Washington, D.C. 20510

The Honorable Joe Barton
Ranking Member, House Energy &
Commerce Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Baucus, Chairman Dingell, Senator Grassley and Representative Barton:

As you reauthorize the State Children's Health Insurance Program (SCHIP), we stand ready to work with you to ensure a timely and successful reauthorization of this remarkably successful program. Since SCHIP's inception in 1997, states have used the program to provide health care to millions of uninsured children in families that lack access to affordable coverage. With states across the country continuing their efforts to find ways to cover more of America's uninsured children, we, more than ever, need SCHIP to provide adequate, predictable, and stable funding and to allow states to design their programs to match their particular needs. Our states' priorities include:

Providing adequate funding. We are pleased that the final FY 2008 budget resolution assumes an investment of up to \$50 billion in new federal funding for SCHIP and Medicaid improvements. To enable states to make significant progress in reaching the nation's remaining 9 million uninsured children, we urge you to provide increased children's health care funding to states consistent with the budget resolution.

Improving the SCHIP funding formula. A growing number of our states face significant SCHIP funding shortfalls or are being forced to rely on unpredictable funding sources, such as unspent money from other states or last-minute fixes by Congress. The SCHIP funding formula should ensure that all states have the resources needed to sustain their existing SCHIP programs and give them the opportunity to move forward in covering additional children, especially those children who are eligible for SCHIP but uninsured. Moreover, if appropriate for the state and funds are available, states should be given the flexibility to expand eligibility to families that lack affordable, employer-based coverage. We also support additional attention to the unique funding issues in the commonwealths and territories.

Reaching children who are eligible for Medicaid but uninsured. We appreciate the bipartisan focus on helping states reach those children who are eligible for SCHIP and Medicaid but uninsured. States' experiences show that outreach efforts and simplification of eligibility procedures can reach children who qualify for either program. But these efforts cost money and states face financial challenges in their Medicaid budgets, as well as their SCHIP funding allocations, as we work to extend coverage to more children. It is therefore important that the SCHIP reauthorization not only enhance SCHIP funding, but also provide support for Medicaid costs to states that enroll more eligible children.

We would also note that the unfunded mandate imposed in the Deficit Reduction Act on states to require additional documentation of all Medicaid applicants has proven to be a very serious barrier to enrolling eligible children into the program. In states that have enrollment data, it is clear that the citizenship documentation mandate has led to a significant decline in Medicaid among citizen children and pregnant women. The mandate should be modified to give states the flexibility to determine the most appropriate allowable documents to prove identity and citizenship.

Maintaining state flexibility. One reason for SCHIP's success has been the significant degree of state flexibility in program design and implementation. Many of us have used this flexibility to expand coverage in our states. It is vital that reauthorization allow states to continue their commitment to providing health insurance coverage to the millions of currently enrolled individuals, and that no person we deem eligible be denied health coverage. We therefore urge you to reject any proposal that would limit our flexibility under current law or through federally approved waivers. We also urge you to reject any proposal to reduce federal support for the categories of participants eligible in each state.

Restoring equity among the states. At the time SCHIP was adopted, eleven states were already serving Medicaid children in families above 150 percent of the federal poverty level. Despite these states' foresight, they have been penalized for doing the right thing and prohibited from accessing Title XXI funds that would have otherwise been available *but for* their pre-1997 Medicaid expansions. While Congress has, for several years, made it possible for these states to use 20 percent of what would have been their full allotments, we support the NGA April 2007 SCHIP authorization policy that supports making this fix permanent and allowing these eleven states to use their full SCHIP allotments moving forward.

Together, the federal government and the states can substantially increase health coverage for America's children. As you begin to reauthorize this critical federal-state partnership, we urge that the legislation brought before the Finance and Energy and Commerce Committees reflect the priorities outlined above. Thank you for taking our views into consideration.

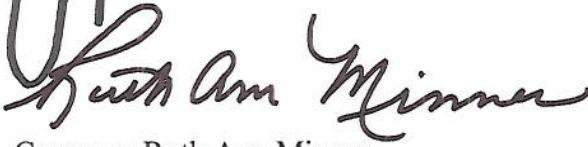
Sincerely,



Governor Jennifer M. Granholm
Michigan



Governor Bill Ritter
Colorado



Governor Ruth Ann Minner
Delaware



Governor Rod Blagojevich
Illinois



Governor Chester J. Culver
Iowa



Governor Kathleen Sebelius
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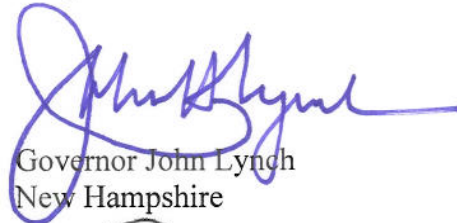
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