

June 22, 2007

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member, Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

Thank you for your leadership and efforts to reauthorize and strengthen the State Children's Health Insurance Program (SCHIP).

Since SCHIP was established in 1997, it has proven to be a remarkably effective program, helping to reduce the number of uninsured children by 30 percent (or 2.8 million), even as the number of uninsured adults has increased. We know you will work hard to enact a strong reauthorization of SCHIP to help even more of America's 9 million uninsured children get the high-quality, affordable, comprehensive health coverage that they lack today.

We understand that as a bipartisan SCHIP reauthorization bill moves through the Senate, it is likely to include measures to increase SCHIP's role in the coordination of public and private health care coverage. As you develop such a policy, we encourage you to carefully consider the impact it will have on the low-income families who rely on SCHIP for access to health care.

Families who qualify for SCHIP by definition have little disposable income. As a result, they rely on the protections built into the SCHIP program that make comprehensive health coverage affordable. Although there are exceptions, health coverage offered to low-income workers by their employers is likely to have higher premiums and cost-sharing and to cover fewer benefits than the SCHIP plan in their state. It is imperative that any plan to increase private health coverage among low-income children who qualify for SCHIP ensures these children have the same protections they otherwise would have if enrolled in SCHIP. Namely, this plan should include so-called "wraparound" coverage that ensures children have access to all of the services that are covered in their state's SCHIP program as well as ensuring families who qualify for SCHIP do not have to pay higher cost-sharing than they would have paid if they were enrolled in SCHIP.

States' capacities to coordinate SCHIP and employer-sponsored health coverage can be increased in many different ways. But two key principles that groups across the political spectrum agree on is that SCHIP should be administered as efficiently as possible, and federal SCHIP funds should build on—rather than replace—employer dollars in the health care system. As you move forward in examining ways to increase private employer-sponsored coverage among low-income children, it is important to harmonize cost-effectiveness by enabling families to participate in employer-sponsored coverage while retaining protections they receive in SCHIP.

We look forward to working with you as you develop specific policy proposals related to this issue.

Sincerely,



Ronald F. Pollack
Executive Director
Families USA



Georges C. Benjamin, MD, FACP, FACEP (E)
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