



STATE OF ARIZONA

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June 8, 2007

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

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

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

The Honorable Joe Barton  
Ranking Member,  
Committee on Energy and Commerce  
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), I offer my strong support for a timely and meaningful reauthorization of this program. It is clear that SCHIP has launched a highly successful start to accomplishing what it was intended to do. It now requires a strong level of commitment to ensure that the program has the opportunity to finish its work by affording millions more uninsured children with access to health care.

Arizona is not alone in its effort to find ways to cover more uninsured children. Today, more than ever, states need SCHIP to provide adequate, predictable, and stable funding and to allow states to design programs that match their particular needs. I share the following priorities with many Governors:

**Adequate and predictable funding.** I applaud your leadership and the inclusion in the final FY 2008 budget resolution of an assumption of up to \$50 billion in new federal funding for SCHIP and Medicaid improvements. Increased children's health care funding must be a priority if we are to fully realize the goal of SCHIP. In addition to providing an amount that will adequately allow for the coverage of millions more children, such funding must be predictable. The SCHIP funding formula should ensure that states not only have the resources needed to sustain their existing SCHIP programs, but that also give them the opportunity to move forward in covering additional children. I also support additional attention to the unique funding issues in the commonwealths and territories.

**Reaching uninsured children who are eligible for Medicaid.** As we commit to reaching more children through SCHIP, we must also acknowledge that many of the

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children we reach will be eligible for Medicaid programs. With this in mind, it is important that the SCHIP reauthorization not only enhance SCHIP funding, but also provide support for Medicaid costs to states that enroll more eligible children.

**Maintaining state flexibility.** It is clear that many states, including Arizona, have responded to the federal government's call to action for expanded coverage initiatives. It is nothing less than critical that reauthorization allows states to continue their commitment to providing health insurance coverage to the millions of individuals who are currently enrolled, and that no person who is participating today be denied health coverage. Arizona has been able to increase our enrollment of children, in part, by covering their parents through SCHIP coverage. It is unthinkable to ask states to move backwards and increase the number of uninsured in their states. We must work together to continue to advance access to health care throughout the country. I urge you to swiftly reject any proposal that would limit state flexibility under current law or through federally approved waivers.

**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 the early commitment of these states, they have been 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, I support making this fix permanent and allowing these eleven states to use their full SCHIP allotments moving forward.

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

Thank you for your consideration.

Yours very truly,



Janet Napolitano  
Governor