GOVERNOR ARNOLD SCHWARZENEGGER

June 5, 2007

The Honorable John D. Dingell
Chairman
Energy and Commerce Committee
U.S. House of Representatives
2328 Rayburn House Office Building
Washington DC 20515

The Honorable Joe Barton
Ranking Member
Energy and Commerce Committee
U.S. House of Representatives
2109 Rayburn House Office Building
Washington DC 20515

The Honorable Frank Pallone, Jr.
Chairman
Health Subcommittee
U.S. House of Representatives
237 Cannon House Office Building
Washington DC 20515

The Honorable Nathan Deal
Ranking Member
Health Subcommittee
U.S. House of Representatives
2133 Rayburn House Office Building
Washington DC 20515

Dear Chairman Dingell, Ranking Member Barton, Mr. Pallone and Mr. Deal,

One of my top federal health care priorities this year is the reauthorization of the State Children's Health Insurance Program (SCHIP). I believe Congress firmly shares this goal as evidenced by the passage of the Fiscal Year 2008 Budget Resolution, which calls for a $50 billion increase for SCHIP over the next five years. The additional federal funding is absolutely essential to ensure the continued success of the program. In California, we estimate our federal allotment of SCHIP funds will need to double from the current baseline in order to maintain coverage for our current population, which includes children and pregnant women who are eligible under our existing program but who are not yet enrolled.

California covers more than one million children and pregnant women using federal SCHIP funds, nearly one out of every six SCHIP recipients nationwide. I am committed to ensuring California leads the way in reducing the number of uninsured children. It is my goal to cover every uninsured child in California under 300 percent of the federal poverty limit using SCHIP funds. To meet this goal, I support congressional efforts to allow states to continue defining eligibility for their SCHIP programs. In addition, I support the provision of federal matching funds to states that choose to cover legal immigrant children through SCHIP or Medicaid who have been in the country for less than five years.

Congress should maintain the flexibility granted to governors under SCHIP, thereby continuing the enormous success of the program. Flexibility in benefit design and administration under SCHIP, as well as Medicaid, has improved efficiency and contributed to a one-third reduction in the rate of uninsured low-income children since 1997. This flexibility also makes it possible for states such as California and Massachusetts to pursue universal health care coverage initiatives. Congress should carefully weigh adding new coverage mandates or placing limits on current state flexibility, which can lead to higher costs and fewer children being covered.

To improve access to health coverage for children and families, I strongly support congressional efforts that provide states the option of using the Medicaid citizenship verification requirements under the Deficit Reduction Act (DRA), or employing the methodology in place before the DRA's enactment. In addition to significantly increasing administrative costs for states, the DRA provision has put up barriers for many eligible recipients and created a situation where U.S. citizens actually have fewer rights than non-citizens when applying for Medicaid benefits.

Finally, stakeholders agree the current state-by-state allocation formula must be modified to ensure there is more stability in annual allotments. I would urge formula changes that recognize state-specific prior year spending, population growth, geographic health care costs and incentives for states to expand coverage beyond their current levels.

I look forward to working with you and the California congressional delegation to ensure the SCHIP program is reauthorized in a timely manner and with sufficient resources to continue the success the program has shown to date.

Sincerely,

Arnold Schwarzenegger

cc: The Honorable Nancy Pelosi
The Honorable John A. Boehner
California Congressional Delegation