

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Center for Medicaid and State Operations

JAN 22 2008

The Honorable Joe Barton
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Barton:

I want to reaffirm our position that children currently enrolled in the State Children's Health Insurance Program (SCHIP) should not be affected as we work with states to implement the August 17, 2007 State Health Official (SHO) letter. The guidance sets out procedures and assurances that should be in place when states enroll new applicants with family incomes in excess of 250 percent of the federal poverty level (FPL) but the guidance is not intended to affect enrollment, procedures, or other terms for such individuals currently enrolled in State programs.

It is unfortunate that states are not able to provide us with a uniform breakdown of populations served by income group, but based on our discussions with states, we believe the number of children on SCHIP with family income in excess of 250 percent of the federal poverty level to be small in comparison to the size of the program. Currently, the states with eligibility above 250 percent FPL when income disregards are included are California, Connecticut, the District of Columbia, Georgia, Hawaii, Maryland, Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, Pennsylvania, Rhode Island, Tennessee, Vermont, and Washington.

As we have stated in a variety of settings, we believe that a number of states are likely to meet the 95 percent threshold. We anticipate working with states to determine their specific rates of coverage. It is unfortunate that some groups have prejudged compliance as they have relied on flawed national data to make comparisons. For example, it is widely recognized that the Current Population Survey (CPS) undercounts Medicaid participation. In the most recent CPS data released last year, the Census Bureau reported 20.7 million children "ever enrolled" in FY 2006 when enrollment reported by states for Medicaid and SCHIP combined was over 36 million. Since 1997, the number of children enrolled in Medicaid and SCHIP has increased by 16 million while the number of children in the United States in families below 200 percent FPL has actually declined. Moreover, states should not be concerned that they cannot meet these general requirements because they have large numbers of residents who are "non-qualified aliens" and therefore cannot ordinarily be enrolled in means-tested federal benefit programs such as Medicaid and SCHIP. Such individuals should not be included in

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calculating the 95 percent threshold. We expect to find adjustments in data in states like California and New Jersey in which large numbers of uninsured children have that status and are not eligible for our programs.

It is our intention to work cooperatively with these states on their "crowd out" strategies in order to permit enrollment of additional children in higher income families if the reasonable standards of the August 17 guidance are met. These standards reflect policies that have previously been adopted by some states. As we have demonstrated previously in our efforts with states to implement managed care requirements and documentation of citizenship, our goal is compliance and we will work closely with states to achieve that goal.

I hope this information regarding implementation of the August 17 guidance is helpful.

Sincerely,



Dennis G. Smith
Director

Cc: The Honorable Nathan Deal