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Dear Members of the Washington State Federal Delegation:

On behalf of Washington's children and families, I thank you for your efforts to enact State Children's Health Insurance Program (SCHIP) reauthorization legislation in the new 111th Congressional session.

As you know, in 2005 our state set a goal to ensure that all Washington children have access to appropriate, high quality health care coverage by 2010. Throughout 2005 and 2006, we laid the groundwork to achieve this goal, and through the 2007 and 2008 legislative sessions, made truly significant strides. SCHIP reauthorization plays a critical role in helping to ensure success in these efforts, by furthering the state-federal partnership that provides the necessary underpinnings for a successful program, particularly in these difficult economic times.

With the understanding that the U.S. House of Representatives and U.S. Senate will be taking up a reauthorization bill in the very near term, I am writing to outline components that, if taken up in the SCHIP reauthorization legislation, will help us to cover every child in Washington State.

You are fully aware of Washington's role as a national leader in helping low-income families provide health insurance for their children. In 1994, we expanded Medicaid coverage to 200 percent of the Federal Poverty Level (FPL). Prior to legislation enacting SCHIP in 1997, Washington was one of only four states providing Medicaid coverage to children at or above this level, certainly a noteworthy accomplishment.

We have continued to build on these efforts. In February 2000, we enacted a SCHIP to cover children up to 250 percent of FPL. We revamped our children's coverage to re-adopt 12-month continuous eligibility. In January 2006, we re-established our Children's Health Program for non-citizen children. At my request, in 2006 we also adopted legislation to prohibit premium requirements for Medicaid and SCHIP for those below 200 percent of FPL. And with the delegation's insistence, federal SCHIP legislation has been adopted that allows Washington and ten other states to use a portion of the SCHIP allotment to help finance Medicaid children above 150 percent of FPL.

With the 2007 legislative session, Washington continues to move forward as a national leader in children's health care. On March 13, 2007 I signed my requested legislation (2SSB 5093) that provides for:

- **New Children’s Health Care Program:** The act creates a new health program – Apple Health for Kids (<http://fortress.wa.gov/dshs/maa/applehealth/>) – consolidating coverage for Medicaid, SCHIP, and the Children’s Health Program (CHP) for non-citizen children into a single program. The benefit design is the same as our existing full-scope Medicaid program.
- **Coverage for Children Up To 250 percent of FPL:** Beginning July 2007, *all* Washington children within this income threshold have access to state-funded health care coverage. Families above 200 percent have modest premium requirements.
- **Improving the Health Care System:** We continue to develop and track measures to improve the health care system for children and tie future rate increases to providing a medical home for children and improving their health status.
- **New Outreach Initiative:** Washington has an active outreach effort and the 2007-09 budget made \$4.4 million available for additional targeted outreach and educational initiatives to achieve higher enrollment, and work with families to promote appropriate health care, children’s immunization, well-child visits, and to establish a medical home. To aid these efforts, we have simplified application procedures, including on-line options, and develop easier ways to pay premiums.
- **Coverage for Children Up To 300 percent of FPL:** A piece of my 2007 legislation was to, beginning January 2009, increase subsidized coverage to 300 percent of FPL, while also allowing families with incomes above 300 percent of FPL to be able to buy into the children’s program on a full-cost basis. Due to the difficult budget situation, the 2009 – 2011 budget I introduced in December postpones, for the moment, moving to 300 percent of FPL. As a cornerstone of our *Covering All Children* initiative, I hope to eventually restore this coverage and reauthorization of SCHIP will help immensely.

All of these new advances will be *in addition to* other, previous advances, such as requiring coverage for dental and mental health; implementing a streamlined application process for children; funding outreach and education initiatives; prohibiting premiums for families below 200 percent of FPL; and returning our state to a system that requires eligibility reviews only every 12 months (rather than every 6 months.)

SCHIP plays a critical role in our ability to achieve our goals. As you work with your colleagues this week, I want to highlight several critical pieces for reauthorization:

- **Qualifying States Use of SCHIP Allotment for certain Medicaid Expenditures:** Title XXI (and various federal appropriations acts) have allowed Washington and 10 other states that made major Medicaid expansions (prior to SCHIP) to use a portion (just 20 percent) of their Title XXI Allotment to help finance optional Medicaid coverage for children in families above 150 percent of FPL. The new reauthorization act should make this provision *permanent* while making the *full* allotment available to these states, which is to families above 133 percent of FPL. Throughout the 110th Congress, you worked hard and did achieve this full “SCHIP fix” and I ask you to do the same in the 111th Congress.

There is broad support for these changes locally and nationally. Since this provision was enacted, thanks to the delegation’s work, Congress has re-authorized and extended its use for additional allotment periods. Furthermore, in its April 2007 SCHIP authorization policy, the National Governor’s Association (NGA) supports making this provision permanent and allowing the 11 states to use their full SCHIP allotment for covering these optional children.

- **SCHIP Allocation Formula:** To date, we have not been able to spend our full SCHIP allotment because we were already covering children up to 200 percent of FPL through our Medicaid program. However, we have sought to maximize the use of our SCHIP allotment through covering Medicaid children up to 150 percent of FPL (our largest SCHIP expenditure) and to use SCHIP funding to provide prenatal and health care to non-citizen pregnant women whose children will be U.S. citizens and eligible for Medicaid or SCHIP coverage.

I understand that all the proposed SCHIP authorization bills of the 110th Congress would change the allocation formula. This could disadvantage our state unless there are provisions that would base the allocation on all of our historical SCHIP expenditures (including the 150 percent Medicaid children and non-citizen pregnant women). It also would need to allow us sufficient SCHIP funding to cover the full amount of coverage for the 150 percent Medicaid children. Furthermore, it also needs to account for our expansion of SCHIP coverage to 300 percent of FPL and the increase in coverage for children between 200 percent and 250 percent of FPL through our outreach efforts. I believe that the proposed allocation formula in Senate Finance Committee's Chairman Mark from the 110th Congress would be the model to consider.

- **Coverage for Non-Citizen Pregnant Women:** Current SCHIP rule allows states to cover prenatal care and health coverage for non-citizen women whose newborn children will be U.S. citizens. Washington is one of 11 states providing this critical coverage –to some 8,500 every month.

I recommend that this SCHIP coverage option be incorporated into law to ensure that states are able to continue to provide this coverage.

- **Medicaid and SCHIP Coverage for Legal Immigrant Children:** Washington has been providing health coverage to legal alien children since federal law was adopted in 1996 to limit Medicaid coverage until after 5 years residency. Through this state-only funded program, Washington currently covers these children up to 250 percent of FPL through our new children's health program, extending this coverage up to 300 percent of FPL when economically feasible. As of December 22, 2008, there are 3,439 qualified alien children on state funded medical. Allowing federal match for these children would be a positive move forward.

Given this context, I strongly support allowing states the option of covering these children through their Medicaid and SCHIP programs. NGA also supports this option for states.

- **Expanding Access to Employer-Sponsored Insurance:** I recommend that the reauthorization law allow states to enroll children in their parent's employer-sponsored insurance (ESI) when it is cost-effective. The Medicaid program already allows states to access ESI coverage. Our state has initiated an ESI program as one strategy to promote public/private partnerships and to leverage private funding to help finance children's coverage.

I believe that ESI options can serve as a bridge for families whose incomes eventually rise above the state's coverage level for children's coverage. They also offer the opportunity for family members to be in the same health plan. NGA also supports this option for states.

I understand that Congress may have concerns that ESI-type programs could result in more limited health coverage for children (due to the benefit coverage offered by employers). This could be addressed by requiring that states electing this option also be required to offer Title XXI "wrap-around coverage" so the child has the same benefits that would be offered under the state's Title XXI State Plan.

- **Citizenship Documentation Requirements:** As a part of the Deficit Reduction Act of 2005, and beginning on July 1, 2006, federal law requires U.S. citizens to present proof of their citizenship and identity when they apply for, or seek to renew, their Medicaid coverage. Prior to enactment of the law, these same citizens applying for Medicaid were permitted to attest to their citizenship, under penalty of perjury. In order to carry out these requirements, Washington had to hire numerous additional FTEs at a cost of several million dollars. In looking at our entire caseload at great state cost, we have only identified one person inappropriately on the state's Medicaid rolls: a Caucasian Canadian woman.

As part of the reauthorization of SCHIP, I ask that, at a minimum, Congress look to ideas brought forward in the 110th Congress such as allowing client matches against the Social Security Administration's database.

- **August 17, 2007 Letter to State Medicaid Directors:** On August 17, 2007, the Bush Administration, through the Centers for Medicare and Medicaid Services (CMS), issued a directive to state Medicaid directors – without the support of Congress and without going through the standard administrative rulemaking process – that, among other things: forbids states from offering health care to a child unless the child has already been without healthcare for at least a year, and requires states to show that they have already insured at least 95 percent of children in families below 200 percent of FPL before raising eligibility thresholds. The former requirement is simply cruel and the latter patently unrealistic.

I request that as a part of reauthorization, Congress make the August 17 letter null and void.

I want to again thank you for your leadership and support in achieving SCHIP reauthorization, with a close eye to the issues raised, above. If there is anything I can do to help, please do not hesitate contacting me at any time.

Sincerely,

Christine O. Gregoire
Governor