



National Association of State Medicaid Directors

an affiliate of the American Public Human Services Association

January 15, 2008

Kerry Weems  
Acting Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Washington, DC 20201

Dear Mr. Weems:

Thank you for attending our national meeting in November. I appreciated your comments regarding the state and federal partnership in the administration of the Medicaid program.

However, I was dismayed to read your letter to the Ohio Medicaid Director in which you disapproved their proposed State Plan Amendment to increase eligibility for children in Medicaid from 200 percent of the federal poverty level to 300 percent. If I understood your position correctly, you seemed to be saying that the use of an income disregard to cover children at this income level would only be appropriate under the SCHIP program. And since Ohio has not yet exhausted its SCHIP allotment, no such expansion in Medicaid would be permitted.

While I have always understood that states cannot reduce Medicaid eligibility in order to qualify for a higher federal match rate under SCHIP, I have never seen an argument in federal law that would prevent a state from covering children in Medicaid at any income level using the 1902(r) (2) income disregards, as long as they are willing to provide the requisite state match.

I also understand that Oklahoma is concerned that the state will not be allowed to use demonstration waiver savings under Medicaid to expand coverage to uninsured children to 300 percent of poverty. CMS has long been willing to work with states and has indeed encouraged states in the past to use waiver savings as an opportunity to reduce the number of uninsured.

I fear that these and similar situations in states have risen as result of the guidance letter issued by Dennis Smith on August 17, 2007 that imposed new restrictions on eligibility expansions in SCHIP. Unfortunately, there is now considerable confusion and uncertainty created among state Medicaid programs regarding the applicability of the SCHIP guidance letter to non-SCHIP populations. Recent actions appear to send the message that important, long-standing doors for coverage for America's uninsured children may now be closing. If that is the case, that would truly be a regrettable outcome.

I am willing to sit down with you, Dennis Smith, and other members of the NASMD Executive Committee at any time to engage in a broader conversation about opportunities coverage for America's uninsured children. I encourage you to engage states in identifying mutually agreeable, realistic conditions for the expansion of coverage for children under both Medicaid and SCHIP.

Sincerely,

A handwritten signature in cursive script, appearing to read "David Parrella".

David Parrella, Chair  
National Association of State Medicaid Directors

cc: The Honorable Nancy Pelosi, Speaker of the House of Representatives  
The Honorable Harry Reid, Majority Leader of the Senate  
The Honorable John Boehner, Minority Leader of the House of Representatives  
The Honorable Mitch McConnell, Minority Leader of the Senate  
Dennis Smith, CMSO  
Jerry Friedman, Executive Director, APHSA  
Matt Salo, Director of Health Legislation, NGA  
Joy Wilson, Director of Health Policy, NCSL  
NASMD Executive Committee