



National Association of State Medicaid Directors

an affiliate of the American Public Human Services Association

March 14, 2007

The Honorable Congressman David Obey
H-218 Capitol Building
House Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Congressman Jerry Lewis
2112 Rayburn House Office Building
House Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Obey and Congressman Lewis:

On behalf of the American Public Human Services Association (APHSA) and its affiliate, the National Association of State Medicaid Directors (NASMD), we are writing in response to several proposed health care issues in the fiscal year 2007 supplemental appropriations legislation.

APHSA and NASMD strongly support language in the legislation that prioritizes federal funding for the State Children's Health Insurance Program (SCHIP) for the remainder of fiscal year 2007. Some states will begin experiencing shortfalls in federal funding as early as this month. As the year progresses, other states will also be faced with shortfalls that threaten the sustainability of their SCHIP programs. It is critical that Congress approve this additional federal funding to ensure that states can continue to support their programs as they currently exist.

We also understand that the House will consider language clarifying the Medicaid citizenship verification provision that was required by the Deficit Reduction Act of 2005 (DRA), as it relates to the treatment of "deemed infants" and to foster children and that will also treat citizen applicants in the same manner as immigrant applicants are currently treated during the period they are obtaining their documentation. APHSA and NASMD strongly support this language because it makes important policy changes to help simplify the overly burdensome, complex proposed rule that was issued by the Centers for Medicare and Medicaid Services (CMS) to implement the DRA provision.

In addition, as you consider other Medicaid and SCHIP related provisions in the supplemental spending bill, we ask that you ensure that such language maintains the state flexibility language approved in the DRA in a manner that allows CMS to quickly approve state plan amendment requests. The option to utilize the authority granted by the DRA could help to improve the efficiency and expand the scope of states' Medicaid programs. Based on the new state flexibility option, several states already have moved forward in developing proposals to expand health care coverage for the uninsured and several have obtained approval for and begun implementing initiatives that could expand services, strengthen the targeted nature of their programs, and forge important new

partnerships with employer-sponsored insurance plans. We ask that you reconsider the retroactive nature of the language as it could penalize these states and the enrollees currently receiving services through these new plans.

It also is our understanding that Congress intends to improve transparency and stakeholder feedback in the approval process for Medicaid state plan amendments and waivers. However, in so doing, we believe the language under consideration may not achieve the desired outcome. Rather, it may have the contrary effect of encouraging costly litigation and discouraging state innovation in the Medicaid program.

We are aware that there are new pay-as-you-go rules governing your spending policies. However, we urge you to consider the impact of the rescission on any unobligated Section 1011 appropriations for fiscal years 2005 and 2006. States already have made budgetary decisions based on the original statute that authorizes access to unexpended funds without imposing a time limit. As with many new programs, states use the first several years to plan and implement and then draw down larger amounts for services in later years.

We look forward to working with you on these issues. Please do not hesitate to contact Martha Roherty, Director of NASMD, at 202-682-0100 if we can be of further assistance or if you would like to meet in person to discuss these matters.

Sincerely,



Jerry Friedman
Executive Director
American Public Human Services Association



David Parrella
Chair
NASMD Executive Committee

Cc:
Senate Appropriations Committee members

House Appropriations Committee members