

September 17, 2007

The Honorable Michael O. Leavitt
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Leavitt:

Governors are deeply troubled by new Centers for Medicare and Medicaid Services (CMS) mandates that limit state flexibility under the State Children's Health Insurance Program (SCHIP) for those states that provide SCHIP eligibility for children of families with income levels at or above 250 percent of the Federal poverty level (FPL). In fact one state has already been a victim of these new rules, which sets an unfortunate precedent that will negatively affect all states with existing programs or plans to expand coverage for children. Released as a measure to address the substitution of SCHIP for private insurance, the requirements amount to a unilateral restriction on state authority to provide health insurance coverage for children and undermine the foundation of the state-federal partnership upon which SCHIP was built.

The requirements articulated in the CMS letter of August 17, 2007, fundamentally alter the authority given to states under SCHIP to craft and operate health care programs that best serve their constituents. Flexibility to set coverage levels is a basic tenet of this vital and successful program and one repeatedly endorsed by this Administration when it granted permission to multiple states to expand their coverage options. The CMS clarification reverses this policy by mandating administrative requirements that could result in hundreds of thousands of children and tens of thousands of adults losing health insurance.

States stand at the forefront of policy innovation and governors are leading the way to create meaningful and sustainable coverage options for their uninsured populations. Governors have repeatedly called upon Congress and the Administration to reauthorize SCHIP before it expires in September. The CMS decision to limit coverage options for states and unilaterally alter existing state plans is contrary to our shared responsibility of working cooperatively to provide health coverage for uninsured children.

Governors call upon CMS to reiterate its commitment to the state-federal partnership under SCHIP by immediately rescinding its August 17, 2007, letter and joining governors in our efforts to reauthorize SCHIP this year.

Sincerely,



Governor Eliot Spitzer
State of New York



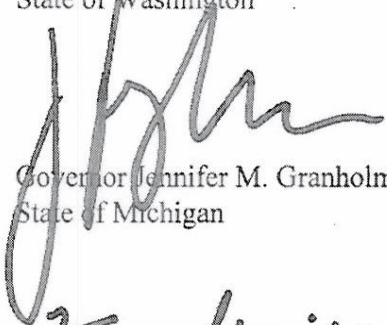
Governor Arnold Schwarzenegger
State of California



Governor Christine O. Gregoire
State of Washington



Governor Jon S. Corzine
State of New Jersey



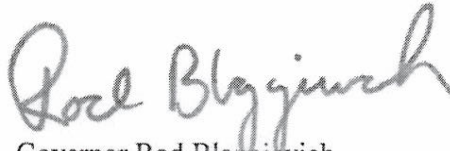
Governor Jennifer M. Granholm
State of Michigan



Governor Kathleen Sebelius
State of Kansas




Governor Ted Strickland
State of Ohio



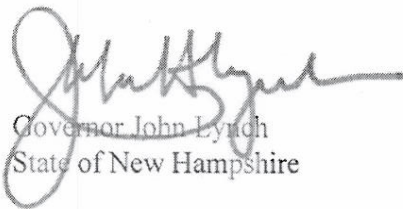
Governor Rod Blagojevich
State of Illinois



Governor M. Jodi Rell
State of Connecticut



Governor Brad Henry
State of Oklahoma



Governor John Lynch
State of New Hampshire



Governor Theodore R. Kulongoski
State of Oregon



Governor Janet Napolitano
State of Arizona



Governor Bill Richardson
State of New Mexico



Governor Edward G. Rendell
Commonwealth of Pennsylvania



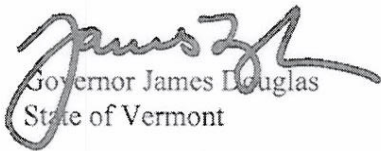
Governor Ruth Ann Minner
State of Delaware



Governor Chester J. Culver
State of Iowa



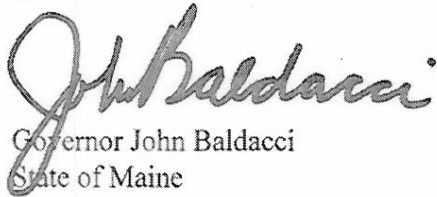
Governor Kathleen Babineaux Blanco
State of Louisiana



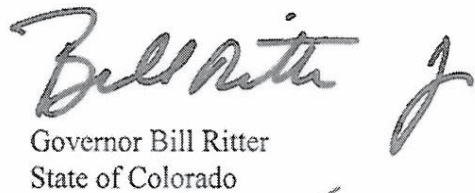
Governor James Douglas
State of Vermont



Governor Mike Beebe
State of Arkansas



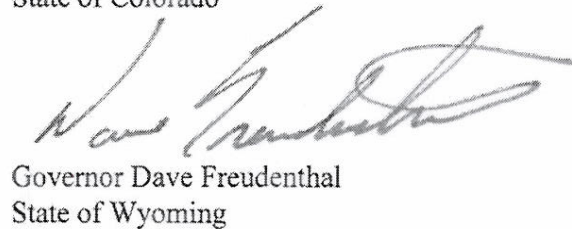
Governor John Baldacci
State of Maine



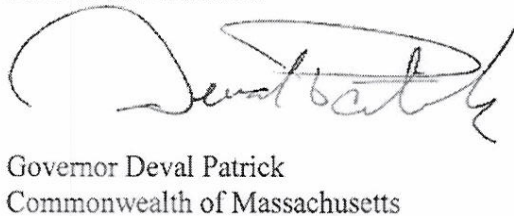
Governor Bill Ritter
State of Colorado



Governor M. Michael Rounds
State of South Dakota



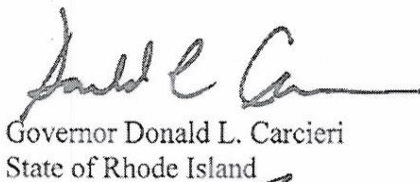
Governor Dave Freudenthal
State of Wyoming



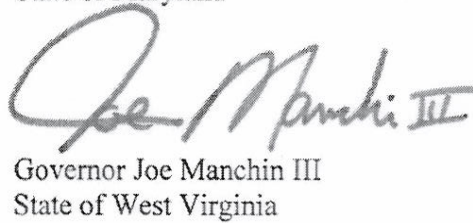
Governor Deval Patrick
Commonwealth of Massachusetts



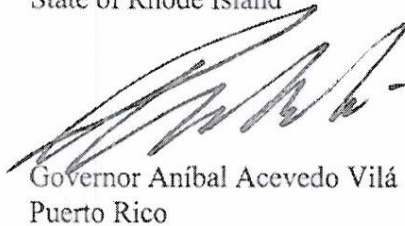
Governor Martin O'Malley
State of Maryland



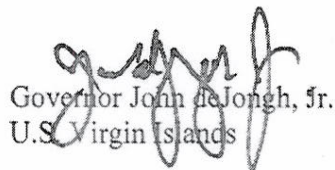
Governor Donald L. Carcieri
State of Rhode Island



Governor Joe Manchin III
State of West Virginia



Governor Aníbal Acevedo Vilá
Puerto Rico



Governor John deJongh, Jr.
U.S. Virgin Islands