

United States Senate

WASHINGTON, DC 20510

June 14, 2007

Chairman Max Baucus
Senate Finance Committee
United States Senate
Washington, DC 20510

Dear Chairman Baucus:

We are writing to you today about an issue of great importance for New Jersey. The reauthorization of the State Children's Health Insurance Program (SCHIP) is critical to thousands of children and families across our great state. As Chairman of the Senate Finance Committee, we understand that you are currently developing legislation to reauthorize and improve this great program and we wanted to express our strong support for maintaining state flexibility, which has been approved by the Bush Administration, to cover parents under SCHIP. This is a huge issue of concern for New Jersey and we appreciate you taking our comments into account as you draft language.

New Jersey's SCHIP program, entitled NJ FamilyCare, covers over 80,000 parents (including pregnant women). We are proud of our state's family coverage initiatives and would like reauthorization to include language that will allow New Jersey to maintain their flexibility to cover this important segment of the population.

As we move forward in reauthorization, I know we all agree that children must continue to be the primary focus of the SCHIP program. Covering children remains a national priority and, despite the common rhetoric, family-based coverage is wholly consistent with this goal. New Jersey's experience demonstrates that insuring parents is an effective way to increase children's participation in the program and, ultimately, helps achieve our goal of insuring more children. Our state conducted a study and found that there was an additional enrollment of Medicaid and SCHIP children as a direct result of enrolling parents in FamilyCare. It also demonstrated that having one parent enrolled increased the likelihood that a child would remain in the program, reducing the problem of turnover and churning. This is clear evidence that there is a strong correlation between the enrollment of parents and children. Therefore, if we all agree on increasing child enrollment, we cannot and should not ignore the reality that enrolling parents significantly helps us achieve this goal.

As you know, waiver authority included in the original SCHIP law and longstanding federal waiver policy has allowed coverage of parents with SCHIP funds. Currently, NJ FamilyCare covers over 80,000 adults who depend on this program for their health care treatment and well-being. New Jersey received its first Section 1115 waiver to cover parents in 2001 and has since received numerous extensions from the Bush Administration. In fact, in 2003, the Bush Administration approved a NJ waiver to cover more than 12,000 new parents in SCHIP. At the time, Tom Scully, administrator of the Centers for Medicare & Medicaid, remarked "Even in tight economic times New Jersey is setting an example of how federal waivers can help them cut

into the numbers of citizens with no health coverage.” New Jersey, like many other states, has received these waivers from the current Administration and has planned, financially and otherwise, for these vital waivers to continue over the long-term. This is an issue of fairness. To reduce the reimbursement match or significantly limit, in any way, these waiver agreements now and in the future would be unconscionable. We must protect state flexibility and the enhanced match rate as we move forward. Nothing in reauthorization should force New Jersey to move backwards. New Jersey has a successful program, for both children and adults, and any step backwards would be damaging to our great state and, we believe, the nation as a whole.

We understand that much concern with maintaining adult coverage in the program is connected to financing. While we appreciate the fiscal responsibility, adult coverage is only a small fraction of the overall SCHIP spending and we believe that fraction is money well spent. Total federal spending for parent coverage under SCHIP waivers was about \$428 million for FFY 2006. This, however, is just a portion of the total SCHIP spending for the year, which was \$5.5 billion. New Jersey is using this federal money to insure parents and families. This money helps relieve the burden of health care finances for a single mother and helps a family of four stay healthy together. The federal government cannot turn its back to the families and faces of SCHIP.

To reiterate, we fully stand behind your commitment to strengthening coverage for children and appreciate your leadership during the SCHIP reauthorization debate. We believe that covering adults is an important part of the SCHIP program and, ultimately, helps us increase coverage of children. We are very concerned that any steps to remove state flexibility and change current waiver agreements, would have serious, dire consequences for our great state of New Jersey. We urge you to produce a timely, comprehensive reauthorization bill that advances children’s health without compromising the ability of states to cover parents. We look forward to working with you on this issue and, again, thank you for your leadership.



ROBERT MENENDEZ
United States Senator

Sincerely,



FRANK R. LAUTENBERG
United States Senator

cc: Majority Leader Harry Reid