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July 22, 2008

The Honorable Max Baucus
Chairman, Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems, and other health care organizations, and our 37,000 individual members, I am writing to express our strong support for S. J. Res. 44, a joint resolution of the Congress to nullify the so-called "August 17 Directive" issued last year by the Centers for Medicare & Medicaid Services (CMS).

The State Children's Health Insurance Program (SCHIP) has been instrumental in providing health care coverage to more than 6 million low-income children. We strongly supported last year's efforts to reauthorize and expand the program for an additional five years.

On August 17, 2007, CMS issued a directive that, among other things, required states to enroll 95 percent of children in families with incomes up to 200 percent of the federal poverty level (FPL) before expanding coverage to children in families with incomes greater than 250 percent of the FPL. In addition, under the directive, states wishing to expand coverage beyond 250 percent of FPL must adopt specific strategies to reduce the shift of health care coverage from private coverage to public coverage, including requiring that a child be uninsured for a year before becoming eligible. These new requirements – which are almost impossible to achieve – will directly affect the 23 states that already cover or have authorized expansions for children living in families with incomes above 250 percent of the FPL. Further, it will limit states' opportunities to expand their programs at a time of economic downturn, when more and more children will come to rely on public health care coverage.

A recent report by the Government Accountability Office found that CMS should have proceeded with the rulemaking process before issuing this directive. It is therefore essential that Congress use the Congressional Review Act to prevent the policies associated with the "August 17 Directive" from continuing to negatively impact SCHIP and its beneficiaries.

We look forward to working with you to advance this important legislation.

Sincerely,

Rick Pollack
Executive Vice President

