



July 8, 2009

Dear Chairman Baucus and Ranking Member Grassley:

As the Finance Committee makes its final decisions prior to mark-up of health care reform legislation, we urge you to carefully consider the impact of your decisions on the lower income children and pregnant women covered by Medicaid and CHIP today. The President and Congress began this year with the enactment and celebration of CHIPRA. With your leadership, health reform can build on this progress and finish the job of covering all children. We respectfully ask your consideration of the following requests:

- **Sustain and strengthen children's benefits.** The Committee options included EPSDT and Medicaid cost sharing limits for children up to 275 percent of the federal poverty level (FPL) in the Exchange. We have urged the Committee to adopt this option to ensure that the millions of lower income children covered through Medicaid and CHIP, with incomes above the mandatory Medicaid eligibility level, will retain their benefits. This includes many children with special health care needs. In addition, we urge the Committee to recognize children's unique health care needs by providing comprehensive, age appropriate benefits for children in the Exchange. Children should not lose the benefits and cost sharing protections they already have, as would happen under some of the health reform proposals currently under discussion.
- **Maintain and strengthen maternity coverage.** Thirty-seven states provide maternity and newborn coverage to infants and pregnant women with incomes above 150 percent of FPL. Without strong and enforceable maintenance of effort (MOE) provisions, financial incentives will strongly encourage states to forego such optional coverage in favor of federally-financed subsidies and assumed coverage through Exchange-plans. We have urged the Committee to provide such MOE requirements to ensure coverage for all pregnant women and newborns and to ensure that the affordability of this coverage and limits on cost sharing are extended to maternity and newborn coverage provided through the Exchange.
- **Insure all children.** Six million of the nine million uninsured children are eligible but not enrolled in Medicaid and CHIP. Eliminating red tape and bureaucracy by simplifying enrollment is the best way to get most children

covered now, and it will be equally essential in any health care reform. Easy, hassle-free enrollment should be available to children, families and other individuals through a “No Wrong Door” system that links them to either Medicaid or the Exchange, depending on their eligibility criteria. Movement between Medicaid and the Exchange, as a result of changing eligibility status, should be seamless, eliminating any potential gaps in coverage.

- **Ensure affordable coverage, sufficient to provide access to care.** Subsidies for coverage through the Exchange and limits on cost sharing should be aligned with current out-of-pocket cost limits for families under Medicaid and CHIP. Access to the right care at the right time is an essential element of system reform, and we urge the Committee to ensure that limits on benefits or high cost sharing will not create barriers to care. Further, if the Committee were to include a cap on the employer exclusion, we ask that it fully reflect the fact that family coverage costs 2.7 times that of individual coverage. Ratios that fail to reflect such a differential would shortchange family and children’s coverage.

Finally, we appreciate the Committee’s commitment to insurance reforms and to attaining health care reform with coverage for everyone in America. We look forward to working with you to build upon the strengths of children’s current health care coverage and to make needed reforms to improve the quality, access, and affordability of care for children.

Sincerely,

Children’s Defense Fund
First Focus
March of Dimes Foundation
National Association of Children’s Hospitals