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Governor Sends Letter to Ohio Congressional Delegation Urging Support of SCHIP Legislation

Columbus, Ohio – Governor Ted Strickland today sent the following letter to members of the Ohio Congressional delegation urging their support for the reauthorization of the State Children’s Health Insurance Program (SCHIP).

Following is the text of Governor Strickland’s letter:

July 18, 2007

I write today to urge your support for the reauthorization of the State Children’s Health Insurance Program (SCHIP). The timely passage of legislation to increase funding for children’s health coverage is a top federal priority of my Administration.

Since the creation of SCHIP in 1997, the program has been critical in providing health coverage to Ohio’s children. More than 145,000 children in Ohio currently receive health care services under SCHIP, totaling \$290 million per year in combined state and federal investment in the program.

However, without adequate federal funding in the SCHIP reauthorization bill, Ohio will likely experience shortfalls of \$6.8 million in federal fiscal year 2008 and \$98.6 million in federal fiscal year 2009. Increased federal funding for SCHIP, consistent with the federal budget resolution, will ensure that sufficient SCHIP dollars are available for all eligible children.

The biennial budget recently passed by the Ohio General Assembly included my Administration’s proposal to expand SCHIP coverage to children in families with incomes between 200 percent and 300 percent of the federal poverty level. This expansion is expected to provide health coverage for 20,000 additional Ohio children. Any new SCHIP formula should accommodate this planned expansion.

I have previously joined with other governors and the National Governors Association in calling on Congress to ensure increased funding and greater flexibility for the SCHIP program. These two principles are critical so that states may continue to invest in our children.

Ohio and the federal government must work together to increase children’s health coverage. I look forward to working with you to ensure that the legislation agreed to by Congress is also the best legislation for Ohio’s children.

I am enclosing with this letter additional information regarding Ohio's SCHIP reauthorization goals.

Sincerely,

Ted Strickland
Governor

cc: Ohio Congressional Delegation

Ohio's Policy Goals for SCHIP Reauthorization

1. Increase SCHIP Funding

Expanding health care access to Ohio's uninsured children is one of the top priorities of the Strickland Administration. Ohio urges Congress to update SCHIP funding to help states increase the number of uninsured children who have access to affordable health care. In the face of rising health care costs and the erosion of employer-sponsored health coverage, SCHIP and Medicaid provide health care coverage to nearly one million Ohio children. Currently, 145,000 Ohio children receive their health care services under SCHIP, totaling \$290 million per year in state and federal funding. Ohio projects that without increased SCHIP funding, the State will experience a \$6.8 million shortfall in federal fiscal year 2008 and a \$98.6 million shortfall in federal fiscal year 2009. Based on the State's most recent projections, Ohio will require \$500 million in additional SCHIP funding over the five-year period of the reauthorization.

The Strickland Administration and the Ohio General Assembly recently joined together to expand SCHIP coverage to children in families with incomes between 200 percent and 300 percent of the federal poverty level. Consequently, an increase in federal SCHIP funding is now even more critical for the State.

2. Update the SCHIP Funding Formula

SCHIP funding for states must be adjusted regularly for population growth, changes in utilization, and health care inflation. In addition, the base year for SCHIP funding should be updated. Rebasings and updating to adjust for medical inflation is especially important to states like Ohio that are planning SCHIP expansions to uninsured children in families with incomes above 200 percent of the federal poverty level. Given this planned eligibility expansion, Ohio will be underfunded if federal fiscal year 2007 is used as the SCHIP base year. Thus, the State urges that SCHIP reauthorization legislation update the base funding year to federal fiscal year 2008 and that the state funding formula be indexed for health care inflation and population growth.

3. Maintain State Flexibility

The ability of the states to develop flexible and unique mechanisms to provide health care to uninsured children is critical. The Strickland Administration supports the SCHIP policy position of the National Governor's Association (NGA), which emphasizes "adequate, predictable funding, enhanced state match rate and state flexibility." Furthermore, Ohio supports the right of each state to choose its own target population and to receive incentives to expand and improve SCHIP. These options are particularly

important to Ohio since the State has chosen to implement SCHIP as an extension of its existing Medicaid program.

Ohio advocates retaining the flexibility in current law allowing for ‘secretary-approved coverage’ that maximizes the flexibility of states to expand and shape programs based on their unique needs. A flexible administrative framework should include state options without having to request waivers. Such flexibility is critical to Ohio as the Strickland Administration works with the Centers for Medicare and Medicaid Services (CMS) on the greater Turnaround Ohio health care strategy.

Ohio is very concerned about legislative proposals that would mandate enrollment thresholds before states may use their SCHIP flexibility. For example, some proposals would require states to achieve a minimum enrollment threshold (or “penetration rate”) before using SCHIP funds to serve uninsured children with incomes greater than 200 percent of the federal poverty level. If enacted, this requirement could devastate the health care expansions for children just enacted in Ohio’s 2008-2009 biennial budget.

Finally, Ohio advocates for a three-year period within which states may expend their SCHIP allocations. This time period will allow time for states proposing SCHIP expansion strategies not to be penalized in out-years while enrollment is ramping up initially. The three-year period will also provide for a smoothing effect if a state has lower than expected spending in the first or second years and then experiences an unforeseen spike in expenditures in the third year.

4. Maintain State Accountability and Quality Assurance

Flexibility for states should be paired with accountability and investing in what matters. The Strickland Administration is built on these principles, which are also reflected in several of the SCHIP proposals currently being debated. Whatever the final vehicle, the SCHIP reauthorization should not hamstring states with federal requirements that add burden without value. Ohio urges a movement away from complex administration and detailed reporting requirements and toward quality and accountability measures in terms of improved health care outcomes for children.

Additionally, states should be rewarded for achieving performance-based measures of increased enrollment and quality improvements. Ohio favors the optional use of an “express lane” configuration to speed eligibility determination and enrollment while providing states with incentives for achieving or exceeding enrollment thresholds.

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