

August 20, 2001

Tommy G . Thompson, Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Thompson:

The American College of Physicians-American Society of Internal Medicine (ACP-ASIM), representing 115,000 physicians who specialize in internal medicine, as well as medical students, wishes to commend your leadership and commitment to expand health insurance coverage for low-income Americans. The ACP-ASIM welcomes your timely introduction of the Health Insurance Flexibility and Affordability (HIFA) Initiative to address the extremely serious problem of the nation's uninsured.

The College recognizes that your goal was to provide flexibility and simplification of the Section 1115 waiver process, to promote public-private initiatives, and, ultimately, to expand coverage to uninsured Americans living in a family with a household income less than 200% of the Federal Poverty Level (FPL). Your goal is laudable and consistent with the College's approach. It is our considered judgment, however, that the HIFA Initiative would be greatly strengthened by:

- Replacing the current eligibility standard for S-CHIP and Medicaid, based on a variety of demographic or "categorical" requirements, to a federally mandated standard based solely on income. The federal contribution to both programs should be increased to make it affordable for states to provide coverage to all individuals who fall within the national income eligibility level.
- Establishing a minimum level of benefits for both Medicaid and S-CHIP.
- Increasing Medicaid and S-CHIP outreach efforts to eligible persons and simplifying the application process.
- Increasing reimbursement levels to physicians for services provided under Medicaid and S-CHIP so that reimbursement is at least adequate to cover the costs of providing services to the covered population.
- Enhancing flexibility of the Section 1115 waiver renewal process to provide for long-range planning with predictable and sufficient funding. The \$28 billion reserve fund for the uninsured in the Congressional Budget Resolution would be one viable source.

ACP-ASIM recognizes that it will be a challenge to adequately expand coverage to all uninsured Americans under 200% FPL. We applaud you for introducing the HIFA Initiative, and we are committed to working with you and members of Congress in both political parties to bring about reforms that will result in affordable and accessible health insurance coverage for all Americans.

Sincerely,

William J. Hall, MD, FACP
President