



## National Association of Health Underwriters

*America's Benefits Specialists*

September 24, 2007

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

The Honorable Charles Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
219 Dirksen Building  
Washington, DC 20510

The Honorable John Dingell  
Chairman  
Committee on Energy & Commerce  
U.S. House of Representatives  
2125 Rayburn Office Building  
Washington, DC 20515

Dear Senators Baucus and Grassley, and Representative Dingell:

On behalf the National Association of Health Underwriters (NAHU), which represents more than 20,000 professional health insurance agents and brokers involved on a daily basis in the sale and service of health insurance to millions of Americans, I want to congratulate you on your bipartisan agreement to reauthorize and strengthen the State Children's Health Insurance Program (SCHIP).

NAHU is very supportive of your efforts to keep this important safety net program a dependable and viable option for health care access for lower-income children. But as with any public program that co-exists with private sector markets, the issues of "crowd out" in SCHIP are very real and of concern to NAHU and many policy makers and health care advocates. The substitution of public for private health insurance coverage that occurs when public subsidies are provided is inevitable. The goal for policy makers should be to mitigate the effects of crowd out, to ensure that SCHIP plays a coordinated partnership role with existing private sector health insurance coverage.

That is why Congress provided in the original SCHIP legislation an option for states to subsidize employer-based family coverage for eligible children through "premium assistance" mechanisms if the coverage met certain requirements. But as you know the current rules are considered onerous and unworkable by states; consequently, very few have attempted to implement premium-assistance programs.

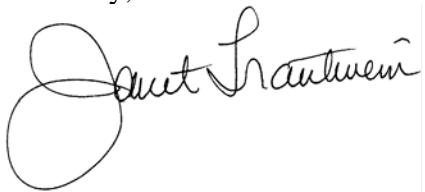
The bipartisan SCHIP agreement (H.R. 976) takes specific steps to improve the premium assistance process for states to voluntarily use SCHIP dollars to subsidize and leverage

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employer-sponsored coverage so that more families can be covered together at potentially lower cost under the same health insurance plan. As states and the federal government look at expanding the income eligibility levels for SCHIP, the premium assistance option becomes all that more important because as families move up the earnings spectrum, so does the likelihood that any children will have access to qualified private insurance coverage.

NAHU believes that your inclusion of premium assistance improvements will go a long way toward leveraging premium dollars employers are willing to contribute toward family coverage, thus helping to ease budgetary pressures on SCHIP. Allowing states to pursue innovative and cost-efficient partnerships with the existing private insurance market is an important foundation for ensuring that SCHIP works to combine the best that the public and private sectors have to offer.

Sincerely,

A handwritten signature in black ink, reading "Janet Trautwein". The signature is written in a cursive style with a large, stylized initial "J".

Janet Trautwein  
Executive Vice President and CEO

cc: The Honorable Joe Barton  
The Honorable Frank Pallone  
The Honorable Nathan Deal  
The Honorable Charles Rangel  
The Honorable Jim McCrery  
The Honorable Fortney "Pete" Stark  
The Honorable Dave Camp  
The Honorable Nancy Pelosi  
The Honorable John Boehner  
The Honorable Orrin Hatch  
The Honorable Harry Reid  
The Honorable Mitch McConnell