

May 22, 2007

The Honorable Max Baucus
U.S. Senate
Washington, DC 20510

The Honorable Charles Grassley
U.S. Senate
Washington, DC 20510

Dear Senators:

Reauthorizing the State Children's Health Insurance Program (SCHIP) is one of the most important tasks before Congress this year. SCHIP has significantly expanded children's health insurance coverage and thus improved the health care that low-income children receive. Reauthorization offers us the opportunity to strengthen and build on the success of this important health insurance coverage program.

The Senate and House Budget Resolutions provide the opportunity for \$50 billion in new federal funds over the next five years so that health insurance can be provided to many of the 8-9 million uninsured children in the U.S. – especially those who are eligible for, but not currently participating in, public health programs for low-income children. This increased spending on children's health insurance is a very sound investment in our nation's future.

Since the new "pay-as-you-go" rules require that additional expenditures be offset by commensurate savings through other program cost reductions and/or new revenues, we urge you to consider adding revenues through an enhanced tobacco tax as a key offset. We urge you to consider adding at least \$.61 to the federal tobacco tax, which would result in a per-pack cigarette tax of \$1.00 and a corresponding increase in all other tobacco products' excise taxes.

The public health benefits resulting from higher tobacco costs are well documented. Studies show that every 10 percent increase in the price of cigarettes reduces youth smoking by seven percent and overall cigarette consumption by four percent. Increasing the tobacco tax will also generate hundreds of millions of dollars in health care savings because fewer smokers means fewer people with strokes, heart attacks, cancer, and other smoking-related health conditions.

By discouraging smoking through an increase in the tobacco tax and using the resulting revenues to improve enrollment in children's health insurance programs, we are creating a win-win proposition in support of our children's health. It will also result in long-term savings as children become healthier and more productive members of society.

Sincerely,

AARP

American Academy of Child and Adolescent Psychiatry
American Academy of Facial Plastic and Reconstructive Surgery
American Academy of Family Physicians
American Academy of Neurology

American Academy of Otolaryngology- Head and Neck Surgery
American Academy of Pediatrics
American Association of Clinical Urologists
American Association of Homes and Services for the Aging
American Association of People with Disabilities
American Cancer Society-Cancer Action Network
American College of Cardiology
American College of Chest Physicians
American College of Obstetricians and Gynecologists
American College of Osteopathic Surgeons
American College of Physicians
American College of Preventive Medicine
American Dental Hygienists' Association
American Health Care Association
American Hospital Association
American Lung Association
American Medical Association
American Medical Group Association
American Medical Student Association
American Network of Community Options and Resources
American Osteopathic Academy of Orthopedics
American Public Health Association
American Society for Therapeutic Radiology and Oncology
American Society of Pediatric Nephrology
America's Health Insurance Plans
Amerigroup
Association of American Medical Colleges
Campaign for Tobacco Free Kids
Catholic Health Association of the United States
Center on Budget and Policy Priorities
Child Welfare League of America
Children's Defense Fund
Community Catalyst
Emergency Department Practice Management Association
Families USA
Family Voices
Federation of American Hospitals
First Focus
Healthcare Leadership Council
Joint Council of Allergy, Asthma and Immunology
Kaiser Permanente
March of Dimes
Medicaid Health Plans of America
National Advocacy Center of the Sisters of the Good Shepherd
National Association for Children's Behavioral Health
National Association for Home Care & Hospice

National Association of Children's Hospitals
National Association of Public Hospitals and Health Systems
National Council for Community Behavioral Healthcare
National Health Law Program
National Hispanic Medical Association
National Medical Association
National Partnership for Women & Families
National Respite Coalition
Partnership for Quality Care
Premier, Inc.
Service Employees International Union
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
Summit Health Institute for Research and Education, Inc.
The Arc of the United States
The Endocrine Society
United Cerebral Palsy
VHA Inc.
Wellpoint