



Michael D. Maves, MD, MBA, Executive Vice President, CEO

May 8, 2007

The Honorable Gordon H. Smith
United States Senate
404 Russell Senate Office Building
Washington, DC 20510-3704

Dear Senator Smith:

On behalf of the physician and medical student members of the American Medical Association (AMA), I want to thank you for your efforts to secure potential funding in the Fiscal Year 2008 Budget Resolution, Sen. Con. Res. 21, for reauthorization of the State Children's Health Insurance Program (SCHIP). The amendment that you successfully offered, to consider an increase in tobacco taxes as a method of achieving offsets to fund the SCHIP reauthorization, is consistent with AMA policy, which advocates both increases in sales taxes on tobacco products and providing health insurance coverage to uninsured children.

The AMA strongly supports increases in federal, state, and local excise taxes on tobacco in order to discourage tobacco use, with the increased revenue allocated to funding health programs. The evidence is clear that increasing the price of cigarettes is one of the most effective ways to reduce smoking, especially among children and pregnant women. Studies show that every 10 percent increase in the price of cigarettes reduces youth smoking by about seven percent and overall cigarette consumption by about four percent. The AMA has long-standing policy supporting measures to decrease tobacco use, including increasing taxes on tobacco products, especially among children.

Reauthorizing SCHIP this year is a top priority of the AMA. SCHIP provides a critical safety net for health insurance for children from low-income families. The program has helped to significantly reduce the number and percentage of children without coverage since its creation in 1997. It is critical that this program be reauthorized and sufficiently funded to cover all children currently enrolled, as well as those children who are currently eligible.

We look forward to working with you to advance your tobacco proposal as both the budget process and SCHIP reauthorization move forward in Congress.

Sincerely,

A handwritten signature in black ink that reads "Mike Maves". The signature is written in a cursive, flowing style.

Michael D. Maves, MD, MBA