

Help Preserve America's Health Care Safety Net

January 31, 2007

Dear Colleague,

We urge you to join us in writing to the committees of jurisdiction to request assistance in addressing a Medicaid proposed rule which will undermine America's health care safety net.

On January 18, 2007, the Centers for Medicare and Medicaid Services (CMS) released a proposed rule [CMS-2258-P] that will cut an estimated \$3.87 billion from Medicaid services over five years. The rule is alarming because it:

- Drastically limits Medicaid's long-standing support for safety net providers by allowing states to reimburse only a narrow set of costs incurred by public providers. Under the rule Medicaid funds could no longer be used to support facilities that provide care to the uninsured and would undermine the viability of essential community-wide services such as trauma care, burn units, and neonatal intensive care. It would also impede the ability of public providers to expand their infrastructure to improve care to Medicaid and low-income patients.
- Significantly narrows funding sources available to states to finance Medicaid expenditures. Only "units of government"—which are very narrowly defined—could contribute to the non-federal share of Medicaid expenditures, and only with funding derived directly from tax revenues. This would leave many states with gaping holes in their Medicaid budgets that could be plugged only by diverting resources from other state priorities, finding new sources of revenue (such as increasing provider taxes), or by cutting Medicaid.

We hope you will join us in sending the attached letter to the House Committees on Energy and Commerce and Ways and Means to urge their attention to the matter and work with us in a bipartisan way to act immediately on this bad public policy. To sign the letter, please contact Jennifer Nieto at ext. 5-8104 (Rep. Eshoo) or KerryAnn Watkins at ext. 5-7896 (Rep. King) by COB on Thursday, February 8th.

Sincerely,
Anna G. Eshoo
Peter T. King

SIGN-ON LETTER

February XX, 2007

The Honorable John Dingell
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn Building
Washington, D.C. 20515

The Honorable Charles Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Building
Washington, D.C. 20515

The Honorable Joe Barton
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322 Rayburn Building
Washington, D.C. 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
1139-E Longworth Building
Washington, D.C. 20515

Dear Chairmen Dingell and Rangel, and Ranking Members Barton and McCrery:

We are writing to express our serious concern about the Centers for Medicare and Medicaid Services' (CMS) plan to dramatically cut Medicaid funding and make major policy changes to the program while disregarding congressional input. The recently proposed cuts to the Medicaid program will have a severe impact on more than 57 million Americans who rely on the program for their health care. It will also tie the hands of individuals and organizations that serve them. Preventing this rule from taking effect requires the immediate attention of Congress.

On January 18, 2007, CMS released a proposed rule [CMS-2258-P] imposing cost limits for public health care providers and altering the definition of "public" status. Specifically, the proposed rule would limit payments to government safety-net providers by capping reimbursement payments, redefining eligible public providers and imposing new restrictions on non-federal funding sources. According to CMS, the estimated impact of these changes could reach \$3.87 billion over five years.

Congress has repeatedly resisted the Administration's efforts to undermine America's safety net. As part of its Fiscal Year 2007 budget, the Administration proposed cutting the Medicaid program by \$12.2 billion over five years, of which \$5.8 billion would have directly affected hospital payments. Congress wisely declined to implement the cuts and they were not included in either the House or Senate FY07 budget resolutions. Last year 300 bipartisan Members of Congress and 55 Senators sent letters to Secretary Leavitt urging that he not move forward via the regulatory process with the proposed cuts that could jeopardize health care access for the most vulnerable Americans.

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At a time when states are working toward expanding health care coverage for the uninsured, the CMS's proposal would thwart their progress by weakening an already fragile safety net. The Medicaid program is a shared responsibility between the states and federal government, and attempts to shift the cost burden onto states will leave them with no choice but to cut benefits or eliminate coverage. The results would be devastating and will likely increase the number of uninsured Americans rather than help improve our health care system.

We urge your immediate attention to this matter. We look forward to working with you to craft a legislative proposal that will prevent CMS from moving forward with the implementation of this dangerous and unfair rule.

Sincerely,

cc: The Honorable Nancy Pelosi, Speaker
The Honorable John A. Boehner, Minority Leader