

Dear Member of Congress:

As organizations that advocate for healthcare reform on behalf of consumers, we are writing to ask for your help in stopping possible regulatory action by the administration that would cut federal funding for Medicaid. Our understanding is that the U.S. Department of Health and Human Services is preparing regulations that would:

- Cut the maximum allowable provider assessment from 6% to 3% of gross revenues and eliminate other currently permissible financing mechanisms;
- Reduce Medicaid payments to hospitals, and some other facilities that are operated by state and local governments, below current levels;
- Limit the types of rehabilitation services that are eligible for federal matching funds by excluding services such as special instruction and therapy for Medicaid beneficiaries with mental illness or developmental disabilities; and
- Prohibit Medicaid reimbursements to local education agencies for medical assistance services that are part of a Medicaid-eligible child's special education plan.

These regulations, if implemented, would save the federal government \$12.2 billion over the next five years, but offer no relief to the states themselves. We believe that most states will in fact be unable to make up such a large loss of federal funding and will have no choice but to cut benefits, increase cost-sharing requirements, eliminate coverage or reduce provider reimbursements. The result would likely be a further decline in the quality and availability of healthcare for the dually eligible, a segment of the population that is largely uninsurable and without private-sector options for health care.

These regulatory changes are also troubling because they would impose financial hardship on states while many are exploring the ramifications to the program of the changes made in the Deficit Reduction Act. Congress changed the Medicaid program to include requirements for documenting the citizenship status of beneficiaries, the enforcement of new asset rules, and authority for new home and community-based services. Implementation of these congressional changes will require resources and stability. Reducing federal payments while these changes are going forward would impose an unnecessary amount of chaos and ill will on those responsible for carrying out state responsibilities.

We urge you to take immediate action to block these threatened cuts. We appreciate that many members of Congress have made known to Secretary Leavitt their opposition to these cuts. But immediate action is necessary if we are to block them successfully. Specifically, we ask you to inform the White House and your congressional leadership that you are opposed to any attempt, either before or after the midterm election, to make significant changes in the structure and financing of Medicaid until we have a better understanding of how the Deficit Reduction Act will be implemented and the impact of these changes on Medicaid beneficiaries. We also ask

you to communicate to your leadership your support for legislation blocking the proposed regulatory changes. Thank you for your support.

Sincerely,

American Public Health Association
Consumers Union
Child Welfare League of America
Families USA
National Citizens' Coalition for Nursing Home Reform
National Health Law Project
Service Employees International Union
The Arc of the United States
United Cerebral Palsy