

December 12, 2007

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221 The Capitol
Washington, D.C. 20515

The Honorable John Boehner
Republican Leader
U.S. House of Representatives
H-204 The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230 The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi, Majority Leader Reid, Republican Leader Boehner, and Republican Leader McConnell:

We write to urge immediate congressional action to prevent pending administrative actions by the Centers for Medicare and Medicaid Services (CMS) that will shift billions of dollars in federal costs to states, local governments and school districts. As you are aware, approximately 53 million low-income, elderly and disabled Americans rely on Medicaid for their health care. A strong federal-state partnership continues to be the centerpiece of the program. While states are committed to upholding their responsibility to Medicaid, we have significant concerns that recent actions taken by the Centers for Medicare and Medicaid Services (CMS) will effectively end the federal government's participation in many crucial components of the Medicaid program and shift those costs to states, counties, hospitals, schools, and other providers throughout the country.

Over the last year, CMS has proposed several administrative actions that are a substantial departure from past practices and reflect new and unsupported interpretations in Medicaid law. Almost all of the statutory provisions that CMS seeks to "clarify" have been in place for at least 15 years and some since the inception of Medicaid (Title XIX) in 1965. Many of the rule changes were rejected by Congress when the Deficit Reduction Act of 2005 (DRA) was considered.

While CMS has continued to ask states to accept increased responsibility for health care delivery and access, the agency is simultaneously proposing to decrease state flexibility and authority to respond to this mandate through these rule changes. The end result will be reduced access, lower quality of care and fewer people with health coverage.

Members of Congress have a long history of working together to ensure the federal financial responsibility to the Medicaid program is not arbitrarily reduced and that previous financial commitments are not abandoned. In fact nearly 60 senators and 300 members of the House of Representatives have objected to the myriad of Medicaid rules CMS has recently proposed. Congress has long rejected changes to the Medicaid program that simply shift costs from the federal government to states, as would be the case for nearly every one of the recently proposed CMS administrative actions. It has also been longstanding policy of the National Governors Association, National Conference of State Legislatures and the National Association of Counties to object to such cost shifts.

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We write today to ask for Congressional intervention to support the extension of current moratoriums on the Government Provider Cost Limit and graduate medical education (GME) rules and also stop the implementation of the proposed health care provider tax (except the lowering of the rate from 6 percent to 5.5 percent as directed by Congress), hospital outpatient and clinic definitional/upper payment limit, school-based health, and rehabilitation services rule changes. Taken together the CMS Medicaid cuts will reduce federal funding to states, counties and safety net providers by billions of dollars annually. We cannot stress enough that Congressional action is urgently needed to prevent the rules from becoming final and to provide for a more appropriate and thoughtful review by Congress of these important policy changes. We stand ready to assist you in any way possible.

Sincerely,



Governor Arnold Schwarzenegger
California



Governor Eliot Spitzer
New York



Governor Janet Napolitano
Arizona



Governor Bill Ritter Jr.
Colorado



Governor M. Jodi Rell
Connecticut



Governor Ruth Ann Minner
Delaware



Governor Rod Blagojevich
Illinois



Governor Chester J. Culver
Iowa



Governor Kathleen Sebelius
Kansas



Governor Kathleen Babineaux Blanco
Louisiana

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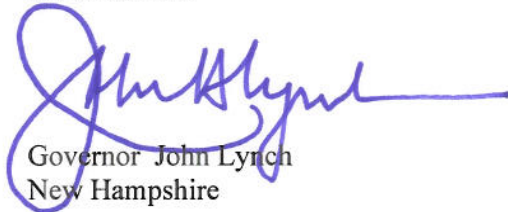
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Maryland



Governor Deval Patrick
Massachusetts



Governor Jennifer M. Granholm
Michigan



Governor John Lynch
New Hampshire



Governor Jon S. Corzine
New Jersey



Governor Bill Richardson
New Mexico



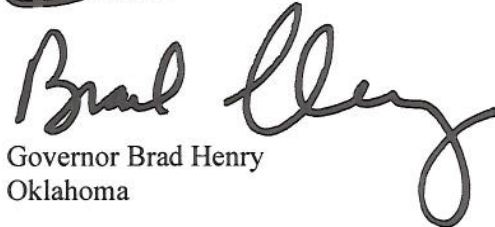
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North Carolina



Governor John Hoeven
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Governor Ted Strickland
Ohio



Governor Brad Henry
Oklahoma



Governor Theodore R. Kulongoski
Oregon



Governor Edward G. Rendell
Pennsylvania




Governor Aníbal Acevedo Vilá
Puerto Rico



Governor M. Michael Rounds
South Dakota


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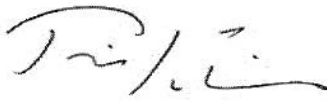
Governor James H. Douglas
Vermont



Governor John DeJongh, Jr.
Virgin Islands




Governor Jim Doyle
Wisconsin



Governor Timothy M. Kaine
Virginia



Governor Christine O. Gregoire
Washington



Governor Dave Freudenthal
Wyoming

Enclosure