

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

Senator Mitch McConnell
Senate Republican Leader
Washington, DC

Dear Senator McConnell,

Today, the House of Representatives is considering HR5613, the Protecting the Medicaid Safety Net Act of 2008. This bill would place a moratorium on seven Medicaid regulations until March 31, 2009. The intention of the supporters of this bill is that the next administration will withdraw the regulations prior to March 31, 2009, rendering them null and void. This action will cost the taxpayers \$17.8 billion over five years and \$42.2 billion over ten years, and these costs are not offset in the bill. This is a short-sighted and irresponsible approach. As a result, if this legislation is brought before the Senate, we will be working for a more responsible and fiscally sound result.

Medicaid is a federal-state partnership that provides a crucial health care safety net for some very vulnerable populations – low-income seniors, the disabled, pregnant women, and children. These enrollees depend on Medicaid for access to medically necessary health care services. However, the House bill undermines the program by threatening its fiscal integrity. Over the years, Medicaid has proven to be a program susceptible to fraud, waste, and abuse. Some states have a long history of pushing the limits of what should be allowed under Medicaid so they can maximize the federal funding they can obtain and minimize the amount of state funding used. At other times, Medicaid dollars have been spent inappropriately as states have legitimately struggled to understand what is allowable spending under complex federal program rules.

The regulations that are the subject of HR5613 are the result of many years of work by the Center for Medicare and Medicaid Services (CMS). There have been numerous reports and recommendations from the Government Accountability Office, the Office of the Inspector General at the Department of Health and Human Services and others urging CMS to take action to curb inappropriate spending in Medicaid. In addition, the integrity and oversight of the Medicaid program has been the subject of numerous hearings held in both chambers of Congress.

CMS issued these regulations in part in reaction to these hearings and reports and to clarify the federal rules states must follow and therefore limit inappropriate spending. Improper payments and wasteful spending only increase the financial pressure on the safety net.

While Congressional Budget Office estimates of the cost of HR5613 are \$1.7 billion, that analysis does not represent the full picture. Again, the true cost is hidden as it is the intent of the sponsors to forever halt these regulations and tie the agency's hands in their efforts to rein in inappropriate spending. The true cost, according to the Congressional Budget Office if these reforms do not go into effect, will be an additional cost for federal taxpayers of \$17.8 billion over the next five years and \$42.2 billion over the next ten years.

To that end we recommend that the Senate reject the imprudent approach of the House bill to place complete moratoriums on seven regulations, and instead insist that we develop a more responsible approach, sit down with the administration to improve the regulations and, where necessary, make legislative changes. It is our strongly-held opinion that Members and the Administration should work together in a timely and thoughtful manner to address concerns regarding the underlying policies of any of the individual Medicaid rules delayed by the House bill. An irresponsible, lengthy delay of the implementation of the reforms contemplated by these rules would further undermine the fiscal integrity of the Medicaid program which ultimately threatens the future viability of the program.

Sincerely,
