

Congress of the United States

Washington, DC 20510

February 6, 2007

The Honorable Max Baucus
Chairman

The Honorable Chuck Grassley
Ranking Member

Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Grassley:

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 weaken 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 fiscal year 2007 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.

At a time when states are working toward increasing health care coverage for the uninsured, the CMS proposal would thwart their progress by weakening an already fragile safety

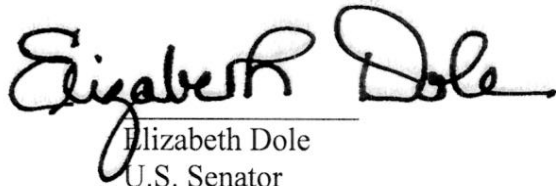
net. The Medicaid program is a shared responsibility between the states and federal government, and attempts to shift the cost burden onto states will leave them with no choice but to cut benefits or eliminate coverage. The results would be devastating and will likely increase the number of uninsured Americans rather than help improve our health care system.

We urge you to work with us to include provisions in an appropriate legislative vehicle to prevent CMS from moving forward with the implementation of this rule.

Sincerely,



Richard Durbin
U.S. Senator



Elizabeth Dole
U.S. Senator
