

December 20, 2005

**THE
CATHOLIC HEALTH
ASSOCIATION**
OF THE UNITED STATES

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of The Catholic Health Association of the United States, the national leadership organization of more than 2,000 Catholic health care sponsors, systems, facilities, and related organizations, I urge you to preserve Medicaid coverage for low-income children and families, the elderly and disabled by opposing the Deficit Reduction Act conference report.



The Medicaid provisions included in the report have the potential to seriously limit beneficiary access to needed care and services. CHA is specifically opposed to provisions that allow for increased mandatory Medicaid beneficiary cost-sharing, elimination of federal standards of benefits to which all beneficiaries are eligible, and changing the penalty date for asset transfers in qualifying for long-term care services. All of these provisions could severely limit beneficiary access to needed care or shift the cost of care to providers.

Our concerns about proposals that would allow states to increase Medicaid beneficiary premiums, co-pays and deductibles are a result of our hospitals' first-hand experience, as well as numerous studies documenting the ill affects of such proposals. In 2003, under a Medicaid waiver, Oregon established a new Medicaid premium payment policy under which poor adults paid a \$6-\$20 monthly premium based on income. Following these state changes, seven Providence Health System hospitals in Oregon experienced a steady increase in the percentage of uninsured patient activity in the emergency departments, and uncompensated care overall doubled over a two year period, costing \$17,388,179 in 2002 and increasing to \$34,994,443 in 2004.

Studies confirm that such charges only serve to increase the numbers of uninsured and underinsured people and decrease the health status of low-income families, thereby raising the amount of uncompensated care borne by providers. The Urban Institute has estimated declines in enrollment of 16 percent when low-income participants are charged premiums that equal 1 percent of family income; 49 percent for premiums equal to 3 percent of family income; and 74 percent for premiums set at 5 percent of family income. In addition, the RAND health insurance experiment discovered a 44 percent reduction in use of medical services and generally poorer health among low-income adults and children when co-payments and cost sharing were enforced.

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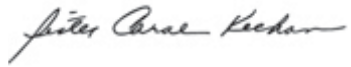
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Regarding other aspects of the conference report, CHA supports the provisions to freeze the compliance threshold for inpatient rehabilitation facilities at 50 percent for two years; to provide grants to support rural PACE providers; to limit the growth of specialty hospitals; and to allow families of disabled children to buy into the Medicaid program. We urge that these provisions be retained in a final conference report that eliminates harmful cuts to the Medicaid program.

We continue to urge the Congress to ensure that no sick person be denied health care. As a health care ministry united by faith and committed to the principles of Catholic social teaching, we believe a just society is one that protects and promotes the fundamental rights of all its members. Our faith tradition insists that our common efforts pay particular attention to the needs of the poor and vulnerable, including reliable and affordable health care. That is why CHA has such serious concerns about the level of spending cuts to safety net programs included in the conference report, including Medicaid. We urge you to remember that the federal budget is more than a fiscal plan; it reflects our values as a society. The Catholic health care ministry urges you to work for a budget that does not neglect the needs of the least among us.

Sincerely,

A handwritten signature in cursive script that reads "Sr. Carol Keehan". The signature is written in black ink and is positioned below the word "Sincerely,".

Sr. Carol Keehan, DC
President and CEO
Catholic Health Association of the United States