Leadership Council of Aging Organizations

April 10, 2008

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

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

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Leader Reid, Senator McConnell, Speaker Pelosi, and Representative Boehner:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are very concerned that due to current state budgetary crises, millions of aging and disabled Americans will have their health care coverage cut or eliminated. As the economy continues to deteriorate and more states are thrown into fiscal distress, the Medicaid safety-net will be a major target for cuts, even as demand increases. In addition, changes in Medicaid regulations will further strain state Medicaid programs. The state fiscal crisis impacting Medicaid and the adverse impact of the recent Medicaid regulations require urgent congressional action.

Nearly all states are bound by state law to maintain balanced budgets; currently states are confronting a budget shortfall totaling nearly $39 billon in fiscal year 2009. Because Medicaid spending represents 17 percent of states' general fund expenditures and is the largest component of state spending overall, many states are looking at drastic cuts in Medicaid and other programs which will hurt elderly persons and their families. To address their state fiscal crises, Governors and state legislatures are considering proposals such as:

- Cutting care for Alzheimer's patients in Hawaii;
- Cutting $24 million from Maryland's Medicaid program, including cuts to nursing homes;
- Denying one in ten elderly Rhode Island patients round-the-clock nursing home care; their families will have to scramble to patch together care or let their loved ones go without needed care and help;
- Dropping 7,000 mentally ill and elderly in Maine from Medicaid, and cutting Maine's meals-on-wheels program;
- Reducing services in California that allow low-income seniors to remain in their homes, cutting funds to protect the elderly from abuse, neglect or exploitation, and reducing seniors' access to health care services by cutting provider payments;
- Cutting nearly $32 million from Minnesota's nursing homes;
- Eliminating or severely cutting adult day care services and home services for seniors in Alabama;

- Cutting $1 billion from Florida's healthcare programs that serve the poor and elderly; and
- Potentially cutting state Medicaid spending in Wisconsin by 20 percent because of the budget crisis.

States must also respond to recent Department of Health and Human Services (HHS) regulatory actions over the past year that exacerbate the state budgetary crisis. The HHS regulations do not save Medicaid dollars but simply transfer significant federal Medicaid costs onto state budgets. Even in a healthy economy, these regulations would adversely affect state budgets. With our weakening economy, it is urgent that Congress delay the implementation of these regulations to maintain current long-standing policies of the federal-state Medicaid cost-sharing partnership. While all the regulations weaken the Medicaid program, we are particularly concerned about the targeted case management regulation, which, in addition to shifting federal costs onto the states, will undermine efforts to allow frail seniors to remain independent in their homes. **We urge Congress to pass moratoria on these recent Medicaid regulations.**

State fiscal relief is additionally required to avert the drastic cuts states are considering to Medicaid due to state budget shortfalls. Just as you acted quickly to pass an initial economic stimulus package -- and we greatly appreciate that you included low-income seniors -- **we urge you to act expeditiously again to provide states with fiscal relief by temporarily augmenting the current level of federal support for state Medicaid programs.**

When Congress provided states with temporary fiscal relief in 2003, the infusion of new federal Medicaid dollars into state economies had a significant positive effect on states' business activity and wages. For each dollar of cost, state aid generated $1.36 of positive economic activity. Temporarily raising federal Medicaid match rates is a targeted, temporary, sound and proven economic stimulus, which would stimulate the economy and help prevent states from taking actions that would jeopardize the health care and services needed by millions of elderly Americans.

We thank you for considering our views as you move forward to protect Medicaid and the millions of low-income seniors who rely on this health care program.

Sincerely,

AFL-CIO
AFSCME
Alliance for Retired Americans
Alzheimer's Association
American Association of Homes and Services for the Aging
American Federation of Teachers
American Geriatrics Society
American Public Health Association
Association of BellTel Retirees
B'nai B'rith International
Catholic Health Association
Easter Seals

Families USA
International Union, United Auto Workers
National Adult Day Services
National Association for State Units on Aging
National Association of Area Agencies on Aging
National Association of Nutrition and Aging Services Programs
National Association of Professional Geriatric Care Managers
National Association of RSVP Directors
National Association of Social Workers
National Association of State and Long-Term Care Ombudsman Programs
National Caucus and Center on Black Aged
National Committee to Preserve Social Security and Medicare
National Council on Aging
National Senior Citizens Law Center
National Senior Corps Association
NCCNHR: The National Consumer Voice for Quality Long- Term Care
OWL-The Voice of Midlife and Older Women
Service Employees International Union
United Jewish Communities