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ONE HUNDRED NINTH CONGRESS

**U.S. House of Representatives**  
**Committee on Energy and Commerce**  
**Washington, DC 20515-6115**

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November 8, 2005

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## **House Republican Reconciliation Package**

### ***A Bad Investment for Our Health***

Dear Colleague:

Three out of every four dollars in Medicaid cuts in the House Republican Reconciliation package come directly from increasing healthcare costs for the poor under Medicaid or reducing coverage of medically necessary care. It is easy to produce "savings" by denying care and shifting more costs onto beneficiaries -- but logic and compassion tells us that if we are interested in improving healthcare rather than worsening health outcomes, this is not the right path.

Medicaid has been and continues to be a good investment, outperforming private insurance in terms of cost growth. More and more working families are seeing healthcare costs consume their income. Since 2000, health insurance premiums for family coverage under private insurance have increased by 73 percent, compared to a 14 percent growth in inflation and 15 percent growth in wages.

Medicaid, however, has kept cost growth down. Between 2000 and 2003, overall Medicaid costs per person grew half as much as private insurance costs (6.1 percent to 12.6 percent). In fact, Medicaid costs 30 percent less for adults and 10 percent less for children than private insurance. Administrative costs under Medicaid are half as much as administrative costs under private insurance (average of 6.9 percent compared to 13.6 percent), according to estimates by the Centers for Medicare and Medicaid Services. And, according to the Congressional Budget Office, Medicaid costs are projected to grow 8 to 9 percent per year over the next 10 years.

But what is most important is that Medicaid is an especially valuable Federal and State investment in terms of improving health outcomes.

- Among adults who have chronic illnesses, those covered by Medicaid are more likely to obtain and use needed medicines than are people who are uninsured.
- Low-income diabetics covered by Medicaid are more likely to receive recommended diabetes care than low-income diabetics who are uninsured.

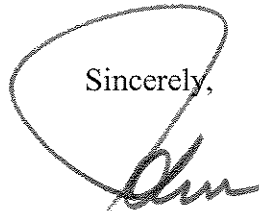
- Seventy-five percent of children on Medicaid or SCHIP had a preventive or well-child visit in the past 12 months, compared to only 46 percent of uninsured children.
- Expansions of Medicaid coverage for low-income pregnant women led to an 8.5 percent reduction in infant mortality and a 7.8 percent reduction in the incidence of low birth weight.
- Expansions of Medicaid eligibility for low-income children led to a 5.1 percent reduction in childhood deaths.

The Republican Reconciliation package allows States to impose premiums for the first time on children, pregnant women, individuals with disabilities, and others – and deny them coverage if they do not have the money to pay. This package increases cost-sharing burdens on families so that by 2010, cost-sharing will have risen six times as fast as incomes for those at poverty. And this package eliminates key protections that ensure school children get important medical care that will help ensure better performance in school.

At a time when more families are losing employer coverage because of the cost, and more than half of all bankruptcies are caused by medical bills, it is unwise and counterproductive to make the only remaining program providing affordable healthcare unaffordable to those who need it most.

I urge my colleagues to vote against the Republican Reconciliation Package.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Dingell", written over a large, loopy circular flourish.

JOHN D. DINGELL  
RANKING MEMBER