



April 3, 2008

The Honorable John Dingell  
The Honorable Tim Murphy  
Committee on Energy and Commerce  
Washington, DC 20515

Dear Mr. Chairman and Congressman Murphy:

Consumers Union, the independent, non-profit publisher of Consumers Union, strongly supports your legislation, HR 5613, Protecting the Medicaid Safety Net Act of 2008.

The legislation would block proposed regulations that would make major reductions in Medicaid spending. We believe that proposing such reductions at the beginning of an economic recession of indeterminable length is very bad policy. As you so well know, forty-nine of the fifty states are required to maintain balanced state budgets. The states are facing huge, in some cases multi-billion dollar, shortfalls in their budgets. This is exactly the wrong time for the Federal government to propose regulations that would have the effect of reducing state aid. Instead of helping fight the economic uncertainty, the regulations would be like spraying gasoline on a fire—they would only make the situation worse and increase State pressures to cut services to the most vulnerable in our society.

Changes are needed in Medicaid but many of those changes should be to ensure more adequate payments to providers of care so that health care is effectively available to this program that is responsible for the birthing costs of a third of our nation's children. If savings are needed, we urge you to look to areas such as drug formularies. For example, the best available science shows that anti-heartburn medicines are effective in almost all people for about \$20 to \$30 a month, yet many States carry a brand name drug (Nexium) on their Medicaid formularies that costs about \$180 a month retail.

When Medicaid is cut, costs are just further shifted onto vulnerable beneficiaries—and onto the middle class consumers who bear higher insurance premiums as uncompensated care costs are spread through the health care system. America needs to address the health care cost crisis in a comprehensive manner. Just cutting Medicaid is hurting the most vulnerable first.

Again, we thank you for your leadership on this important health and social policy.

Sincerely,

Gail Shearer  
Director, Health Policy Analysis  
Washington, DC Office

