



American Federation
of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Healthcare

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March 27, 2008

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the more than 1.4 million members of the American Federation of Teachers (AFT), I urge you to co-sponsor H.R. 5613, the Protecting the Medicaid Safety Net Act of 2008, introduced by Rep. John Dingell (D-Mich.).

This legislation would block a series of regulations issued by the Department of Health and Human Services (HHS) that would adversely affect Medicaid beneficiaries and the medical institutions that serve them. The authority of HHS to issue these regulations is legally questionable. These regulations also undermine the essence of the federal/state Medicaid program because HHS unilaterally reduced benefits for low-income families and disabled individuals.

The imposition of these regulations could not come at a worse economic time for states. HHS claims that these rules would produce \$15 billion in cost savings over five years, but a detailed analysis by the House Government Reform Committee, using data provided by state Medicaid directors, asserts that the true cost would be more than \$50 billion!

It is unreasonable to believe that states could make up this additional shortfall when they are already facing a collective shortfall of \$34 billion without accounting for these new Medicaid cuts. Medicaid payments now account for 17 percent of states' general revenue fund expenditures—the largest component of state spending. The HHS regulations would only exacerbate the dire economic situation states are facing by forcing them to address the cost of these regulations. Inevitably, they will force states to cut back essential healthcare benefits for their neediest citizens and limit payments to the hospitals and other medical facilities that provide services.

We also are concerned about how these regulations would affect public schools across the nation. As currently drafted, the one regulation would reduce Medicaid reimbursement to schools by an estimated \$3.6 billion over five years. This would have a chilling effect on school budgets by denying schools reimbursement for providing required services for special education students and low-income

students who are eligible to receive Medicaid and participate in the State Children's Health Insurance Program.

H.R. 5613 would offers states a lifeline by imposing a moratorium until April 2009 on these ill-advised regulations and gives Congress the time it needs to carefully review the impact of these regulations and make any needed changes.

For these reasons, I urge you to support and co-sponsor H.R, 5613, the Protecting the Medicaid Safety Net Act of 2008.

Sincerely,

A handwritten signature in black ink, appearing to read 'KWC', with a long horizontal flourish extending to the right.

Kristor W. Cowan
Director, Legislation Department

KWC:emc opeiu#2 afl-cio