

Congress of the United States
House of Representatives
Washington, DC 20515

May 24, 2004

The Honorable Tommy G. Thompson
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Mr. Secretary:

On February 27, 2004, several of us wrote to express our strong concern over reports that the State of Florida was seeking to privatize the eligibility determination process for Medicaid while forgoing the standard waiver process. We now write to express our concerns about any waiver that would allow such privatization.

It is our understanding that subsequent to our letter, the state submitted an application to the Centers for Medicare and Medicaid Services (CMS) for a Medicaid Section 1115 waiver of the statutory requirement that a state/merit system employee perform eligibility certification and re-certification. While we are reassured that CMS did not grant Florida permission to privatize Medicaid eligibility systems without a waiver, we remain very concerned about the impact that the requested waiver would have on beneficiaries in the State of Florida as well as the precedent it sets for such practices to be adopted throughout the nation.

No state has ever turned over the determination of eligibility for Medicaid to private corporations, making Governor Jeb Bush's proposal of enormous consequence. There are many unanswered questions about the impact of such an approach on the Medicaid program.

We are concerned, for example, about the affect on children, parents, people with disabilities, and seniors seeking services. Arrangements with private contractors may result in incentives to limit services to those who are hardest to serve, such as mentally impaired applicants or the frail elderly. Will a private contractor put barriers in the way of hard-to-serve clients applying for benefits in order to meet cost restrictions or efficiency standards or to enhance their profit margins?

Also, the waiver request before you does not establish a goal of assuring timely enrollment of all eligible beneficiaries as a requirement for private vendors' contracts. How will the state ensure access and enrollment to individuals, many of whom require special attention, if contractors are not explicitly required to seek to enroll every eligible person in the program?

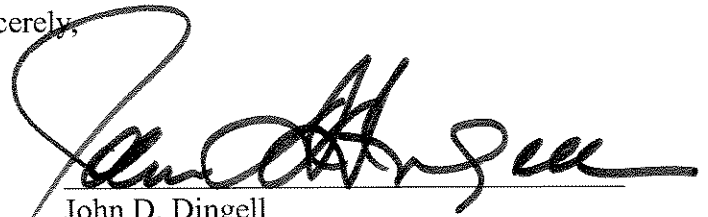
The Honorable Tommy G. Thompson
Page 2

Based on these and other concerns, we believe privatizing the eligibility function of the Medicaid program offers little advantage and instead puts vulnerable beneficiaries at risk. We therefore urge you to reject the proposed waiver. But if you are considering approval of all or part of the waiver, we believe no action should proceed, even on a more limited proposal, without a detailed background briefing and public hearing before the Committee on Energy and Commerce so that the Congress and the public can understand the implications of privatizing such a critical and basic part of the Medicaid program.

Sincerely,



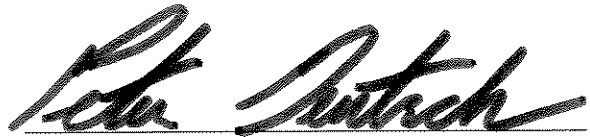
Henry A. Waxman
Ranking Minority Member
Committee on Government Reform



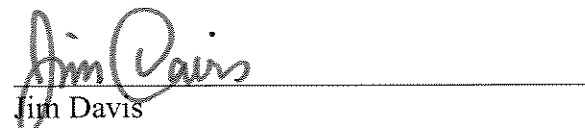
John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce



Sherrod Brown
Ranking Minority Member
Subcommittee on Health
Committee on Energy and Commerce



Peter Deutsch
Ranking Member
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce



Jim Davis
Member
Committee on Energy and Commerce

cc: The Honorable Tom Davis, Chairman
Committee on Government Reform

The Honorable Joe Barton, Chairman
Committee on Energy and Commerce

The Honorable Michael Bilirakis, Chairman
Subcommittee on Health
Committee on Energy and Commerce