



Tim Pawlenty
Governor of Minnesota
Chair

Edward G. Rendell
Governor of Pennsylvania
Vice Chair

Raymond C. Scheppach
Executive Director

February 26, 2008

The Honorable Harry Reid
Majority Leader
United State Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States 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 Senator Reid, Senator McConnell, Speaker Pelosi, and Representative Boehner:

The nation's governors call on Congress to take immediate action to delay implementation of the pending Medicaid regulations issued by the Centers for Medicare and Medicaid Services (CMS) that will shift an estimated \$13 billion in federal costs to states. Timely action by the Congress is necessary to avert disruptions in coverage that may otherwise be unavoidable.

While states are committed to upholding their responsibility to Medicaid, we have significant concerns that the actions taken by CMS will effectively end the federal government's participation in many crucial components of the Medicaid program and inappropriately shift those costs to states. It has been longstanding policy of the National Governors Association to object to such cost shifts.

The proposed Medicaid regulations also are a departure from past practices and reflect new and unsupported interpretations in Medicaid law. Many of the rule changes were rejected by Congress when the Deficit Reduction Act of 2005 (DRA) was considered. Furthermore, they are particularly onerous given the difficult fiscal situation in many states.

Congressional action is needed to prevent the rules from becoming final and to provide for a more appropriate and thoughtful review by Congress of these important policy changes. We look forward to working with all of you to ensure that federal actions prioritize the partnership between states and the federal government.

Sincerely,



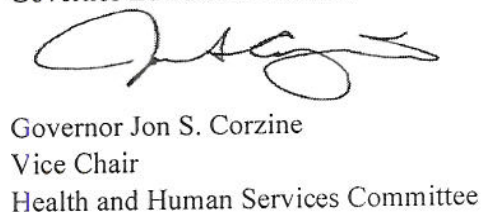
Governor Tim Pawlenty



Governor Edward G. Rendell



Governor James H. Douglas
Chair
Health and Human Services Committee



Governor Jon S. Corzine
Vice Chair
Health and Human Services Committee