



March 10, 2008

The Honorable John D. Dingell
United States House of Representatives
Washington, DC 20515

Dear Representative Dingell:

On behalf of AARP's nearly 40 million members, we urge Congress to place a moratorium on regulations that severely cut federal Medicaid funding. While the Administration claims that these cuts total \$15 billion over 5 years, state Medicaid directors estimate the impact to be nearly \$50 billion over the same time period.

Stable Medicaid funding is essential to assure uninterrupted health care delivery to the most vulnerable Americans. We support sound policy approaches to address fraud, waste and abuse in this vital safety net program that one in six Americans rely on for health and long-term care. However, the regulations' impact goes far beyond reasonable program integrity goals and instead would shift costs for many legitimate and necessary services to states and individuals.

The funding reductions imposed by these regulations do nothing to address the underlying problem in our health care system – uncontrolled health care costs. Instead, these regulations would simply shift additional burdens onto states. Many states will be unable to cover this unexpected cost shift to them. At this moment an economic downturn is reducing state revenues and stoking case loads already swollen by continuing growth in the number of uninsured. As a result, states may have no choice but to make harmful cuts that deny needed care to the most vulnerable among us.

In Michigan, the state Medicaid director said that the proposed rules would cost the state more than \$3.9 billion.

Particularly troubling to AARP is the interim final case management rule. It includes sweeping changes that go well beyond what Congress intended and are directly harmful to AARP members. It will likely impede efforts to get people out of institutions and into home and community-based services that most of us prefer and that are often more cost effective. And, as an interim final rule, it goes into effect before beneficiary and other stakeholder concerns are even considered.

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We also are concerned that the rehabilitation rule requires services to always result in a “change in status.” The statute authorizes “any” such service “for the maximum reduction” of disability. That includes services to prevent worsening of a condition, which may not change status. Barring such care is clearly contrary to Congressional intent, harmful to patients, and not cost effective in the long run.

All together, the proposed regulations pose an unconscionable threat to people who cannot afford the health and long-term care that they need. The regulations also deal a crippling blow to state health reform efforts by taking scarce funding away from these nascent and challenging initiatives that AARP believes are vital steps toward our goal of affordable health care for all Americans. We therefore urge Congress to act now to delay implementation of these regulations and allow time to revise them to avoid harmful cost shifting to states and our most vulnerable citizens.

Sincerely,

A handwritten signature in cursive script that reads "David P. Sloane".

David P. Sloane
Senior Managing Director
Government Relations and Advocacy