

Congress of the United States
Washington, DC 20515

May 16, 2011

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Obama:

We are writing to highlight how important Medicaid is for seniors in nursing homes. Roughly two-thirds of Medicaid funding goes to the frail-elderly who have exhausted their assets and are forced to turn to Medicaid to pay for nursing homes. The Republican budget that passed the House of Representatives on April 15th (Roll No. 277) turns Medicaid into a block grant system. Under a block grant system, Medicaid will no longer be able to support the elderly. Where will the elderly in nursing homes go? We hope that during your negotiations you will continue to fight against block granting or cutting funding for Medicaid. We have also enclosed a letter from the California State Association of Counties that echoes our concerns.

The Medicaid program has been an effective partnership between state and federal governments for our most vulnerable by providing services at the most affordable rate. Although children and parents make up about 75 percent of Medicaid enrollees, **they account for less than a third of the spending.** In contrast, the elderly and individuals with disabilities make up about 25 percent of enrollees **but about two-thirds of spending.** This translates in California, according to a recent Families USA report, to helping fund nearly 69,000 seniors in nursing homes and providing nearly 517,000 seniors and persons with disabilities with Medicaid home and community service support. Additionally, the report showed that 23% of seniors and 50% of persons with disabilities in the state of California receive Medicaid funding.

By converting the current Medicaid system into a block grant indexed to inflation and population growth, Congress would shift the burdens of rising health care costs and an aging population onto the states. Within a decade, according to the Congressional Budget Office, federal contributions to Medicaid would decrease by nearly 35 percent under a block grant system. According to a recent Kaiser Family Foundation report, this would lead to a loss of nearly \$122 billion in federal Medicaid funds in California, leading to cuts in benefits and more restrictive eligibility requirements.

If you sign any such legislation into law, California could see nearly 5 million more uninsured residents by the end of the decade. While we agree on the need to address the nation's long-term deficits, shifting the costs of Medicaid expenditures such as nursing facilities and hospice care onto individuals not only creates excessive hardship on families with aging relatives, it does little to alleviate rising health care costs. According to the Kaiser Family Foundation, Medicaid spending grew significantly slower (4.6 percent) per capita than private insurance premiums (7.7 percent) over the past decade.

Additionally, changing the Medicaid program now could have negative effects on implementation of health care reform as California counties have been leading the effort in

California. In fact, the waiver they received recently from the Administration should not only expand outpatient care and reduce hospital readmissions, but also produce major savings in Medicaid over time due to changes in how health care is provided.

We look forward to working with you as we continue to address our long-term deficit issues and preserve our social safety net for those who need it the most.

Sincerely,

Zoe Loh

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