

**SUPPORT THE DEFICIT REDUCTION ACT**

**HELP PRESEVE OUR CRITICAL SAFETY NET SYSTEM  
FOR FUTURE GENERATIONS**

Dear Colleague,

With our vote today on the Deficit Reduction Act, we continue a process that began back in February at the Winter Meeting of the National Governors Association. Chairman Joe Barton, Congressman John Dingell, Congressman Sherrod Brown, and I sat with a bipartisan group of governors and Secretary Leavitt at a round-table discussion on the future of Medicaid. We listened as governor after governor, both Republican and Democrat, told us how flawed federal and state Medicaid policies had their states on a path to financial ruin.

Many governors have inherited programs that previous administrations had grown at a rate well over ten times the rate of inflation. These programs are now forcing other vital services such as education and transportation to be drastically scaled back. As Governor Warner stated at this meeting, “the current Medicaid program is unsustainable.”

Indeed, that is why we must pass the Deficit Reduction Act: to reform an unacceptable and unsustainable status quo; to make changes to a program that every governor in America has stated needs fundamental reform in order to survive. The Medicaid program is a vital component of our social safety net system and worth preserving for future generations. However, this cannot happen without fundamental and thoughtful policy-driven reforms. The Medicaid reform provisions within the Deficit Reduction Act delivers on both accounts. It will both strengthen and improve Medicaid while saving money at both the state and federal levels.

The need for reform is undeniable. Over the past six years, federal and state costs have risen 56 percent, and if left unreformed, Medicaid will soon absorb as much as 80-100% of all state revenues in all fifty states. Most states have already been forced to take action. Between 2002 and 2005, 38 states reduced eligibility and 34 states reduced benefits. Tennessee

is being forced to throw 200,000 Medicaid recipients off its rolls while Missouri has passed legislation that will result in 100,000 beneficiaries losing coverage. Clearly, if you want Medicaid patients to lose health care, the best thing to do is nothing.

The structure of the Medicaid program is flawed and is inherently inefficient. Unfortunately, Congress has just watched Medicaid grow at an exponential rate over the past 40 years without meeting our responsibilities to modernize and improve the program. Without question, the practice of medicine has advanced a great deal since 1965, but we have not allowed the Medicaid program to keep pace. With our vote on the floor today, we can take the first steps towards saving the Medicaid program for future generations.

Apologists for the status quo advocate we do nothing this week. In fact, one wonders whether these apologists hope the program collapses under its own weight so a utopian model of universal health care can rise from the ashes. How else can you explain the near apoplectic response to the bipartisan recommendations of the National Governors Association? We're not willing to find out what may or may not emerge from the ashes. We're not willing to stand by while more states drop beneficiaries and freeze or reduce benefits. We have a historic opportunity to put Medicaid on a sustainable path with better access and better outcomes. Our failure to act would be unconscionable.

As we celebrate Medicaid's 40th birthday, let's commit ourselves to improving this vital program so it can survive and succeed for another 40 years. The Medicaid program is worth saving for future generations, and I encourage my colleagues to support the Deficit Reduction Act.

Respectfully,

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Nathan Deal  
Chairman, Subcommittee on Health  
Committee on Energy and Commerce