

**TESTIMONY BEFORE THE
JOINT ECONOMIC COMMITTEE
OF THE UNITED STATES CONGRESS
BY
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Thank you, Chairman Schumer, Vice-Chairwoman Maloney, and Members of the Committee for this opportunity to testify before you. I am Vincent DeMarco, President of the Maryland Citizens' Health Initiative, a nonprofit advocacy organization working to achieve quality, affordable health care for all Marylanders. Over a thousand faith, community, labor, business and health care groups are part of our Health Care For All! Coalition (www.healthcareforall.com). We, like you, have been inspired by Dr. Martin Luther King, Jr, who taught us that, "Of all the forms of inequality, injustice in health care is the most shocking and inhumane."

It is particularly an honor to be before the Honorable Elijah Cummings, who prior to joining your ranks was a courageous leader of the Maryland House of Delegates, and who then, as now, makes sure that we all do what is right for the people who need help the most.

I greatly appreciate the chance to talk with this Committee about how the economic downturn is harming health care for Marylanders and how this harm would get increasingly worse without some help from the US Congress. I will describe what is happening in Maryland and present some ideas of how Congress can help us. Most importantly, we ask that you

increase our state's Federal Medical Assistance Percentage (FMAP) to help us fund our very important new Medicaid expansion.

Over the past two years, under the leadership of Governor Martin O'Malley, the State of Maryland has made great progress in expanding health care access. This includes allowing young people up to age 25 to stay on their parents' health care and helping seniors afford their prescription drugs. Most important was the Governor's Working Families and Small Business Health Care Coverage Act of 2007 which, over the next three years, is designed to provide health care coverage for over 100,000 uninsured Marylanders by expanding Medicaid eligibility and providing grants to small businesses. The law increased Medicaid eligibility to 116% of the federal poverty level for custodial parents on July 1, 2008, and will expand benefits for adults without children on July 1, 2009.

Because of Governor O'Malley's initiative – and after careful balancing of State Budget priorities, Maryland went from 44th in the country to 21st in providing Medicaid coverage to adults. We have been working hard since it took effect to inform Marylanders about this new law. Our outreach efforts include a media campaign we funded featuring Governor O'Malley and prominent Baltimore Ravens players such as Ed Reed. As a result, in just three months, over 16,000 uninsured Marylanders have signed up for coverage, demonstrating the great need for this expansion.

On July 7, Governor O'Malley gave the first new Medical Assistance for Families card to Alanna and Adamantious Boulis. As you can see from the front page article in *The Baltimore*

Sun that is attached to my written testimony, both of the Boulis' had several health issues, including colon cancer and diabetes. They were only able to receive the treatment they needed for these illnesses because of Maryland's new law. Because they now can address these health issues, the Boulis will not have to wait until they get so sick that they are forced to go to the emergency room for costly critical care. This will reduce the amount all Marylanders now pay through higher insurance premiums for the hospitalization of the uninsured.

Now, the health care coverage of the Boulis' as well as the coverage for tens of thousands of other Marylanders is directly threatened by the current economic crisis. As you know, the downturn is dramatically lowering states' tax revenues, forcing them to re-evaluate priorities, and make necessary cuts to important programs. Right now Maryland is among those states -- facing a deficit of hundreds of millions of dollars, despite having recently taken aggressive measures to deal with a structural budget problem. Governor O'Malley is to be commended for doing all that he can to deal with this deficit in a creative way that has not yet significantly reduced the Medicaid program or health care coverage. But, as the national economy keeps getting worse, the dire need for federal help continues.

We know that many of the people who would be hurt if Maryland's new Medicaid expansion is curtailed are in particular need of health care coverage now because of the economic downturn. Among the people who are eligible for the new expansion are a plumber on the Eastern Shore and a single mom in Prince George's county. Both of them had health care coverage through their jobs until recently but both of them lost their jobs and their coverage this year due to workforce cuts made by their employers necessitated by the economic downturn.

Now, thanks to the new Medicaid expansion made possible by the State, they can at least have health care coverage while they try to find new jobs.

The impact of people not having health care coverage can be devastating. We all know the statistics that many bankruptcies and foreclosures are caused by unaffordable health care bills and that health care costs are rising much faster than wages. But these statistics translate directly into human disaster.

There is, for example, the very sad story of Mr. William Paul from Fruitland, Maryland, who worked every day of his life at odd jobs trying to make ends meet. He had a tough family life, and though he graduated from high school and spent sometime in the armed service, he was never able to find more than odd jobs in restaurants and yard work to make ends meet. He was diabetic. He also found out from a free clinic at the local health department that he needed to see a cardiologist, but no doctor would see him because he didn't have health insurance. The next day, he died of a heart attack, while mowing someone's lawn.

Because he died in the yard alone, it was considered to be an unattended death. In Maryland, corpses under those guidelines must be sent to Baltimore for autopsy but there is a charge for this "service" which cleaned out Paul's meager savings and life insurance policy benefits that would have been passed along to his companion Joanne. There was no money for a memorial service, but thankfully a friend donated a plot of land in the local cemetery. The widowed companion still mourns that she will not be able to be buried beside her beloved because she can't afford it. She lives on \$660 monthly social security check, food stamps, and the invaluable friendship of

neighbors in their small community. Paul was described as a man who "never had any luck in his life" but someone who would "help ANYBODY in the world; it didn't matter who they were or what they were going through. If he could help you out, he did." He is sorely missed. And it is unfortunate that if he had been able to see the doctor, he might still be with his friends and family.

And, there is the sad story of the 54 year old brother of Ms. Judith Campbell of Baltimore City. As Ms. Campbell told us, "My brother took his life earlier this year because he found out he had treatable but potentially fatal cancer and was turned down by the state for health care assistance. He worked as a security guard for \$8.49/hr and his company did not offer health insurance."

Both Mr. Paul and Mr. Campbell would have been eligible Maryland's new Medicaid expansion. It would be very sad if the economic downturn prevented us from fully implementing this expansion and saving many other Marylanders from the economic distress, health care woes and possibly even death that can result from the lack of health insurance. But the current economic trend makes it much harder for states to sustain this kind of program.

It is not just the Medicaid expansion that is threatened by cuts forced by the state of the national economy. Under Governor O'Malley and Maryland Secretary of Health John Colmers, our Health Department has done much to make sure that other health programs work well. For example, they put additional money into dental services to make sure that children in Maryland's Medicaid program get the dental care to which they are entitled. This will prevent the kind of

tragedy that occurred a couple of years ago when a young boy in Prince George's County died because he did not get proper dental care. Congressman Cummings has spoken often and eloquently about the circumstances that led to the death of Deamonte Driver and we hope that the progress we have made to prevent such deaths will not be rolled back due to more forced cuts.

We strongly urge that Congress and the next Administration move quickly to enact an additional economic stimulus package that would directly help states like Maryland pay for critical health care needs. Specifically, we ask that a new stimulus package include an increase in our state's Federal Medical Assistance Percentage (FMAP). Additional federal Medicaid dollars would help forestall significant cuts in the Medicaid program. As you can see from the attached letter to the US Congress from Governors Edward G. Rendell and James H. Douglas, the National Governors' Association is calling for an increase in FMAP as part of an economic stimulus package.

Increasing the FMAP would help us in Maryland in two important ways.

First, the stimulus package would spur economic growth which would generate more revenue for our state and thereby help prevent cutbacks in our Medicaid program. According to Families USA's well-documented Medicaid Multiplier Effect analysis, for every \$1 million in additional Medicaid funds that Maryland would receive, there would be \$2.2 million in additional business activity, including 20 new jobs and \$765,000 in additional wages. So, if you enact a measure like S. 2819, which unfortunately did not pass in the 110th Congress, Maryland would receive an additional \$118.5 million in federal dollars which would generate \$210.6

million in additional business activity, or 1800 new jobs and \$72.4 million in additional wages. In addition to putting people to work, this new business activity would translate into substantial new tax revenues for the state which would help fund our Medicaid expansion. Attached for you are charts done by Families USA on the economic impact on the states of both S. 2819 and the similar House passed H.R. 7110.

Second, of course, the FMAP increase would put money directly into our Medicaid program, making funding of our expansion much easier. As described above, the expansion for custodial parents has already gone into effect but the expansion for non parents is not set to take effect until July 1, 2009. There is already some pressure to delay the non-parental expansion because of the budget deficit. Additional federal money added to the Medicaid program would help us ensure that the rest of the expansion takes effect on July 1, 2009 as planned. This would keep tens of thousands of Marylanders healthy and out of economic distress, and even save some from an early, preventable death.

In addition to the critically necessary FMAP increase, there are two other ways that the United States Congress can help Maryland and other states expand health care access in these tough economic times. First, we urge you to pass as soon as possible an expanded State Children's Health Insurance Program – or SCHIP-- extension like the one which you passed and President Bush unfortunately vetoed earlier this year. Passage of this legislation is vital to our ability to keep our Maryland Children's Health Insurance Program fully funded. We strongly support the tobacco tax increase funding mechanism that you included in the SCHIP bill. We passed a \$1 per pack tobacco tax increase in Maryland in 2007 which experts estimate will save

50,000 Maryland children from smoking. Tobacco tax increases are a great way to fund health care expansion while at the same time saving lives from tobacco which will in the long run greatly reduce health care costs.

Second, we ask your help in removing federal obstacles to health care expansion at the state level. Although we will work closely with you to achieve our common goal of a federal law that guarantees quality, affordable health care for all Americans, we hope you agree with us that the federal government should not stand in the way of states efforts to expand health care while we are working toward that goal. Specifically, we are here asking your help in removing two federal obstacles to health care expansion in Maryland and across the country.

In 2005, Maryland enacted a landmark measure that was unanimously approved by the Maryland General Assembly that would significantly reduce prescription drug prices for hundreds of thousands of lower income Marylanders by allowing them to get the same drug discounts that the State's Medicaid program gets. Unfortunately, the Bush Administration denied a waiver request that our state submitted to allow it to implement this measure. We strongly urge the Members of this Committee and your colleagues to support legislation introduced by Congressman Chris Van Hollen, The Voluntary State Discount Prescription Drug Plan Act – or H.R. 3309 -- that would allow states to implement such measures.

In 2006, Maryland enacted another landmark law which would have required large companies to pay their fair share of the state's health care costs. Unfortunately, the Fourth Circuit Court of Appeals ruled that our Fair Share Health Care Law was preempted by ERISA.

We were encouraged by the Ninth Circuit's recent decision upholding a similar San Francisco measure. We urge Congress and the next Administration to amend ERISA to allow states to enact measures that would make sure that all employers, particularly large ones, pay their fair share of the rising costs of health care. By doing so, you will help us expand health care access in our state and reduce the burden of paying for the hospitalization of the uninsured now borne by employers who provide full health care coverage for their employees.

Thank you again so much for giving me this opportunity to share with you the harmful and very real affects that the economic downturn has on the health of Marylanders and how we think the United States Congress can help us. We look forward to working with you to enable states to alleviate the health care injustice Dr. King warned us about by achieving quality, affordable health care for all Americans. I would be happy to answer any questions you may have.