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May 11, 2011

The Honorable Joe Pitts
Chairman, Subcommittee on Health
House Energy and Commerce Committee
420 Cannon House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member, Subcommittee on Health
House Energy and Commerce Committee
237 Cannon House Office Building
Washington, DC 20515

Dear Chairman Pitts and Ranking Member Pallone:

AARP is writing to express opposition to H.R. 1683, a bill that would eliminate the Medicaid Maintenance-of-Effort (MOE) requirement included as part of the Patient Protection and Affordable Care Act (ACA). We are concerned that states will make cuts to Medicaid that could leave many older Americans, people with disabilities, and children without health care coverage.

Medicaid often covers services that other programs, such as Medicare, do not generally cover, including home health aide and personal attendant care services, as well as nursing home services. In fact, Medicaid is the largest payer of long-term care for older adults and people with disabilities. Because of the extremely high cost of long-term services and supports -- the average annual cost of nursing home care is over \$75,000 -- many older Americans, including middle income Americans, have to virtually deplete all of their personal resources to finance their ongoing care. Medicaid is a last resort for these individuals and many other Americans who find themselves uninsured or uninsurable in the private market due to a catastrophic illness such as cancer. It provides the needed long-term care services that Medicare doesn't cover.

Starting in 2014, the ACA expands Medicaid coverage for persons with incomes up to 133% of the federal poverty level, to ensure that people who cannot afford care on the private market still have access to core services without the inefficiencies and expense of uncompensated care. The ACA provided the MOE provisions to serve as a bridge to 2014, making certain that important health coverage remains in place until the new law is fully implemented. According to the non-partisan Congressional Budget Office's scoring of this bill, H.R. 1683's MOE elimination would lead to hundreds of thousands of these vulnerable Americans losing coverage each year.

In addition, Medicaid and Children Health Insurance Plan (CHIP) are essential sources of access to health care for our nation's children. Together, these two programs insure over half (59%) of low-income children, providing them access to needed care, including preventive and primary services key to children's health and development. In economic downturns, Medicaid also helps families who have lost their jobs and can't afford health care until they get back on their feet.

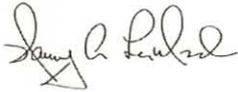
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Although labeled as a bill to expand state flexibility, H.R. 1683 provides states with only a moderate amount of additional flexibility (through ending the MOE requirements), and it does so at a potentially very high cost to some of our most vulnerable citizens. While AARP recognizes the challenges faced by many state governments in the current economic environment, as well as the pressing issue of our nation's long-term debt, these problems require a more balanced approach.

Reducing Medicaid coverage is not the solution for reining in health care costs. To the contrary, cuts to Medicaid and CHIP will only result in costly uncompensated care, which will result in higher health care costs in the private market. Rather than simply continue to shift costs, health care costs should be reduced by pursuing more effective ways to deliver and coordinate care; by working to prevent and treat costly chronic conditions; by carefully expanding home and community-based services; and by reining in costs associated with waste and fraud.

AARP looks forward to working with the Subcommittee, as well as other key leaders, to find more promising ways to reduce costs throughout the health care system to help address significant state and federal budgetary problems. If you have further questions, please feel free to contact me, or have your staff contact Ahaviah Glaser on our Government Relations staff at (202) 434-3770.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy A. LeaMond".

Nancy A. LeaMond
Executive Vice President
State and National Group