

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

November 17, 2005

**House Reconciliation Bill Has Significant Medicaid Cuts for Beneficiaries**

Dear Colleague:

Early this morning, the Rules Committee reported out a rule that makes changes to the Medicaid provisions in the House reconciliation bill. We should all be clear on the contents of the revised measure: **the bill is mostly unchanged, and with respect to Medicaid, the few changes are largely cosmetic. The bill still has negative effects for beneficiaries in the form of higher co-payments, new premiums, and reduced benefits.** Even with the modest changes, the bill still cuts Medicaid by \$11.4 billion over five years, and the vast majority of those cuts — over \$8 billion, or nearly 75 percent — will fall directly on beneficiaries.

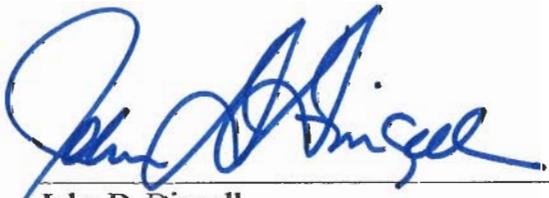
Unfortunately, the changes to the bill fail to fix the burdensome cost sharing for beneficiaries. We are attaching a new report by the Center for Budget and Policy Priorities that points out how burdensome this bill still is for Medicaid beneficiaries. Please consider the following facts:

- **All of the individuals who would face cost-sharing increases under the original bill will still see cost-sharing increases.** While the original bill increased co-payments by medical inflation beginning in 2009, the manager's amendment starts those increases even sooner — beginning this January 2006. Beneficiaries under either version will *still see their co-payments increase much faster than their incomes*. While the manager's amendment does not increase the nominal co-payment amount from \$3 to \$5 as in the bill reported by the Committee on Energy and Commerce, the new provision starts to increase co-payments by medical inflation three years earlier, so the net effect is still largely the same.
- **The bill still allows unlimited co-payments and premiums for 6 million low-income children and many other beneficiaries just above the poverty line.**
- **The bill still allows increased co-payments for certain prescription drugs for all children.**
- **The bill still allows increased costs for emergency room services for all beneficiaries, including children.**

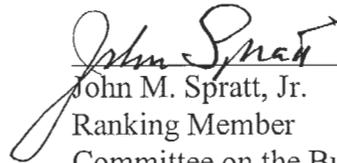
- **The bill still negatively affects those with disabilities who today are living in the community by allowing reductions in needed benefits and increases in cost sharing for those benefits — leaving many with no other option but to return to living in an institution.** Rather than working to help individuals with disabilities live in the community, this bill will exacerbate the existing institutional bias for millions.
- **The burdens under this bill still fall disproportionately on the sickest and those with chronic illnesses, who have greater health needs and will see the increased costs of higher co-pays quickly add up.**
- **The bill still allows states to discriminate in delivery of services and restrict benefits to specific populations such as those with a specific disease or those living in rural areas.**
- **The vast majority of the savings from cost-sharing increases, close to 80 percent, are still because beneficiaries will be forced to cut back on their use of health care services.**
- **The bill still allows states to impose new premiums on many beneficiaries who are just above the poverty line. A full quarter of the savings associated with new premium charges for beneficiaries are still because individuals will no longer be able to afford Medicaid, and will be forced to forego Medicaid coverage altogether.**

The reconciliation bill contains significant cuts for Medicaid beneficiaries. The modifications do little to change that fact. We urge you to vote no.

Sincerely,



John D. Dingell  
Ranking Member  
Committee on Energy and Commerce



John M. Spratt, Jr.  
Ranking Member  
Committee on the Budget