



DEMOCRATIC GOVERNORS' ASSOCIATION

March 19, 2003

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Speaker J. Dennis Hastert
U.S. House of Representatives
Washington, D.C. 20515

Minority Leader Nancy Pelosi
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Hastert and Minority Leader Pelosi:

Democratic Governors stand united in strong opposition to any effort to reduce federal support for Medicare, Medicaid and the State Children's Health Insurance Program (SCHIP). These three programs together provide essential health care coverage for over 90 million Americans, including senior citizens, low-income children and families, and the disabled.

States are currently experiencing their worst fiscal crisis since World War II and simply cannot afford to assume a greater burden of the nation's health care costs. Under the budget plan adopted by the House Budget Committee last week, either America's seniors will receive no meaningful help in paying for prescription drugs over the next ten years, or cuts totaling well over \$300 billion will be made in existing Medicare, Medicaid, and SCHIP services. Such cuts would have devastating consequences for millions of Americans and overwhelm the capacity of state and local public health systems.

We share the deep concern of many members of Congress about the swelling federal budget deficit, but also believe this issue can and should be addressed without breaking faith with our nation's elderly who rely on Medicare, dismantling Medicaid's critically important federal-state health care safety net, or rolling back the highly successful and bipartisan SCHIP initiative. We also support efforts to modernize Medicare and Medicaid, but feel such initiatives should strengthen these programs rather than serve as the basis for federal disinvestment.

Just as Congress took action earlier this year to increase Medicare provider payments by \$54 billion, we urge you and your colleagues to also take action to provide a federally-funded drug benefit for senior citizens. We

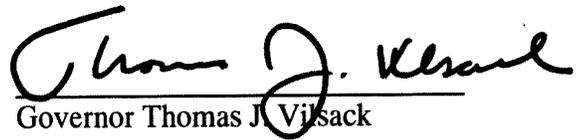
also urge you to pass bipartisan legislation pending in the House and Senate that would help states offset increasing Medicaid enrollments and costs and extend the life of SCHIP funding allocations. We also hope consideration can be given to taking concrete steps to fully federalize the cost of health care services for seniors dually eligible for Medicare and Medicaid.

First and foremost, however, we respectfully ask that you reject the ill-advised budget plan for Medicare, Medicaid and SCHIP recommended by the House Budget Committee.

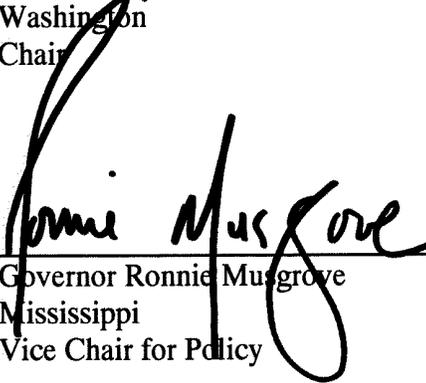
Sincerely,



Governor Gary Locke
Washington
Chair



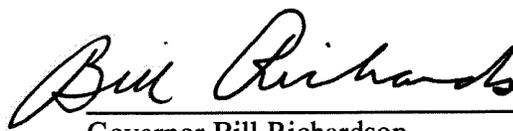
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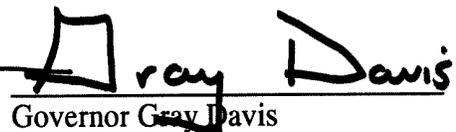
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California

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Indiana

Kathleen Sebelius

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Kansas

Jennifer Granholm

Governor Jennifer Granholm
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