



March 12, 2012

The Honorable Todd Rokita
United States House of Representatives
236 Cannon House Office Building
Washington, DC 20515

Dear Representative Rokita:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write in support of H.R. 4160, your “State Health Flexibility Act.” By providing states with block grant funding for Medicaid and the State Children’s Health Insurance Program, this legislation would save more than a trillion taxpayer dollars while giving states the authority and flexibility to address the specific needs of their citizens.

State and federal Medicaid spending combined to total \$400 billion in 2010 and the cost is expected to climb as high as \$500 billion in the near future. Though the program is already a budget-buster in many states, enrollment is expected to swell by as many as 25 million nationwide due to mandates in the 2010 health care law. This will add further strain to a program that already receives more funding on the state level than any other – even more than education according to the National Association of State Budget Officers.

Medicaid’s rigid and imposing structure will continue to weigh down state budgets unless we take bold action to reform it. Currently, 40 percent of doctors won’t treat Medicaid patients due to slow and inadequate reimbursements. On top of that, doctors, patients, and states have to wrestle with dense layers of bureaucratic red tape, making the system at once difficult to navigate and prone to waste, fraud, and abuse. In 2010 alone, Medicaid paid \$22.5 billion in improper claims. This leads to poor quality of care for patients and poor value for taxpayers from a program intended to aid society’s most vulnerable.

H.R. 4160 can help to reduce accounting uncertainty and, by maintaining level funding for the next ten years, reduce future burdens on taxpayers by \$1.8 trillion. It can also help to reverse current incentives to boost spending by encouraging states to seek innovative solutions that can improve patient care and ultimately save money. A more efficient Medicaid system will allow states to better address priorities like tax reduction, rainy day funds, transportation, or other state-specific needs.

H.R. 4160 is an important step toward real entitlement reform, one that can begin to put Medicaid on a sustainable trajectory into the future. NTU urges all Representatives to cosponsor your bill and to work toward its enactment in this Congress.

Sincerely,

Nan Swift
Federal Affairs Manager