

January 10, 2010

Dear Mr. President Barack Obama, Majority Leader Harry Reid, Speaker Nancy Pelosi, and California Congressional Delegation,

We the undersigned organizations support national health reform and as the final bill is negotiated, we urge you to consider options that will assist California in meeting its current healthcare obligations.

Our organizations have worked together in California to enact health reform in California, we support national health reform and we commend you for your efforts to enact national health reform.

It is difficult to convey fully the magnitude of the budget difficulties facing California. A few facts:

- In 2006-07, California had general fund expenditures of \$107 billion. In 2009-10, California is projected to have general fund expenditures of \$84.5 billion, a drop of more than \$20 billion.
- Yet today we again face a budget shortfall of almost \$20 billion.
- Devastating cuts have already been made in health care as well as human services and education. Among the health cuts:
 - Elimination of adult dental benefits, resulting in loss of coverage for over 3 million Californians
 - Elimination of funding for community clinics
 - Elimination of funding for HIV/AIDS services
 - Elimination of breast cancer screenings for low-income women
 - Threatened elimination of CHIP/Healthy Families, averted only with the assistance of the Obama Administration and the California delegation
 - Threatened elimination of domestic violence shelters, again averted only with last minute intercession.

These are cuts that have already occurred. As you know, more cuts are threatened, including significant Medi-Cal eligibility and benefit cuts, and the elimination of CHIP/Healthy Families children's coverage, IHSS home care, and our CalWORKS welfare-to-work program. The proposals would deny coverage to over 1.5 million Californians.

Throughout these years, our organizations have fought against cuts and for revenue measures that would provide adequate ongoing funding at the state level.

We very much appreciate the assistance that you have provided through ARRA: it has truly been life-saving in this difficult time. Unfortunately, ARRA is ending and the difficult time continues.

Because of the very difficult situation in which California finds itself, we also support better federal funding for California's current healthcare obligations. Specifically, we ask that Congress and the federal Administration assist California immediately by:

1. Approving the hospital provider fee currently pending before the Centers for Medicare and Medicaid Services
2. Enacting legislation that revises the Medicaid matching formula to reflect more accurately California's high proportion of low-income residents as well as our high cost of living, particularly our higher housing costs.
3. Promptly enrolling those Medicaid beneficiaries who become eligible for Medicare so that the federal government assumes its obligations under the Medicare entitlement in a timely manner.
4. Continue the enhanced federal matching formula under ARRA for Medicaid until unemployment in California is no longer in double digits
5. Revise the formula for Medicare Part D clawback that shifted costs to the states.
6. Covering recent legal residents under Medicaid/Medi-Cal just as they were before August 1996 and as they are covered under CHIP/Healthy Families—which would provide a savings to California because we have maintained a state-only program to provide coverage for these Californians

We support health reform that would make two thirds of uninsured Californians eligible for coverage, through Medicaid/Medi-Cal, the newly created exchange or employer-based coverage. In particular, we support

- Strong affordability protections in both Medicaid and the Exchange
- The maintenance of effort requirement in both the House and Senate measures that oblige the states to maintain current eligibility in Medicaid/Medi-Cal and CHIP/Healthy Families until full implementation of reform in 2013/2014.
- The requirement that the federal government pick up 100% of the cost of Medicaid expansions for the first three years of reform.
- The provision in the House measure that the federal matching share for all states for expansion populations be set at 91%, a matching rate of better than 9 to 1.
- Improved prescription drug rebates under Medicaid/Medi-Cal to save the State of California an estimated \$250 million annually.

We recognize and applaud the efforts of Senators Feinstein and Boxer as well as Speaker Pelosi, Chairs Waxman, Miller and Stark as well as other members of the California delegation to improve the national health reform proposal in a manner that reflects the needs of California and other states that have a high proportion of uninsured and heavy reliance on Medicaid.

We seek your assistance in further meeting the needs of California.

Respectfully,

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ACLU of Southern California

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