



July 5, 2011

The President
The White House
Washington, DC 20500

Dear Mr. President:

As you resume your negotiations with Congress to find a way to meet our national debt obligations while reducing the federal deficit, the National Association of Counties (NACO) is deeply concerned that some of the proposals under consideration will squeeze “savings” out of Medicaid programs that will necessarily impose unacceptable new burdens on counties across the country.

As you know, America’s counties play a unique role in the Medicaid system: counties finance part of the non-federal share of Medicaid in twenty-seven states, serve as payers of last resort in twenty-three states, and provide the full range of mandatory and optional services to Medicaid populations across the country. NACO, therefore, emphatically opposes any proposal which would shift Medicaid costs to counties.

As you know we have strongly objected to remaking Medicaid into a block grant program for the states, and believe that capping Medicaid expenditures, whether through global spending caps or health spending caps would have the same net effect as a block grant. We were grateful to hear that your Administration substantially shared our view in May when a number of county officials enjoyed your hospitality at the White House and had the opportunity to meet with you, the Vice President, Secretary Sebelius and others to discuss these issues.

We are deeply concerned however, as new analyses have emerged of the proposal for a single “blended” federal medical assistance percentage (FMAP). We believe that a blended FMAP, like a spending cap or a block grant, can only achieve “score-able” savings by arbitrarily spending fewer federal dollars! This will do little or nothing to improve the system – much less improve the health status of Medicaid’s beneficiaries. We know that if such proposals go into effect that we can expect Medicaid beneficiaries – and those who will lose their Medicaid coverage – will continue to seek care in our county hospitals, clinics and nursing homes and apply for other county assistance. Without the support of Medicaid, counties will either have to turn them away, or raise new local taxes.

We hope that you will agree that this is not acceptable and would destabilize Medicaid and our local safety net systems just when we need to be building them up for the full implementation of the Affordable Care Act in 2014. Such strains would also, we fear, place an additional unwelcome drag on our fragile economic recovery.

On behalf of America’s counties, I respectfully urge you to continue to find ways to strengthen and support the integrity of the Medicaid program and the federal, state and local partnerships that make it work – taking dangerous cuts, including block grants, caps and the “blended” FMAP off the table.

Sincerely,

A handwritten signature in black ink that reads 'Larry E. Naake'. The signature is written in a cursive, flowing style.

Larry E. Naake
Executive Director