

September 23, 2008

Dear Representative Bigelow, Senator Hillyard, Senator Christensen, and Representative Newbold:

As you and your colleagues weigh the difficult budget decisions before you, we hope you will consider giving Medicaid special dispensation. You and your colleagues wisely made a commitment to health system reform at the state level. Medicaid is a proven tool for covering low-income uninsured and helping them manage their health in the most cost-effective manner possible. As such, it should be *further* optimized, not downsized, in these tough economic times.

Not only does Medicaid provide health insurance to Utah's most vulnerable children, pregnant women, working families, seniors, and people with disabilities, it brings millions of dollars into Utah, stimulating our economy in measurable ways. For this reason, we believe cutting Medicaid is exactly the wrong approach to addressing the state's revenue challenges. Based on the benefits of Medicaid spending for Utah's economic recovery, we suggest limiting the Medicaid cuts to no more than 1%. For the rest, please consider a modest level of bonding or the Rainy Day Fund.

For every dollar Utah spends on Medicaid, the Federal government provides three additional dollars. While a 3% or 5% cut will "save" the state 10 to 16 million in state dollars, it will mean a loss of 25 to 45 million dollars coming into the state. All told and including the broader 'multiplier' effect of Federal Medicaid spending, Medicaid cuts would end up costing the state more over the longer term than it will have saved over the short term.

Further, if the state limits access to Medicaid for families in need, the state will not be curtailing the need for health care: Instead of accessing primary and wellness care, people will use expensive emergency rooms where care is provided regardless of ability to pay. This will amount to a hidden tax increase that will be passed onto businesses and hospitals, who will in turn pass them on to all of us. This will delay our economic recovery even further.

We take pride in our state's reputation for sound fiscal management. The way to build on this reputation is by managing our budget crisis in ways that will preserve the health of our citizens *and* strengthen our economy. Rather than cutting Medicaid, Utah should take bold steps to make Medicaid more efficient and look for any additional savings in areas of the budget that will not have dire consequences for Utah families and their ability to contribute to economic recovery.

Sincerely,