Office of the Governor

JIM GIBBONS
GOVERNOR

September 11, 2009

The Honorable Harry Reid
Senate Majority Leader
United States Senate
Washington, D.C. 20510

Dear Senator Reid,

It has been clear from the early days of the 111th Congress that health insurance reform will be a top priority for lawmakers this year. Comprehensive reform should lower health care costs while increasing insured populations, quality of care, and point-of-service accessibility for all Nevadans.

One common thread appears throughout recent legislative proposals: the expansion of Medicaid as a central "reform" component. Simply put, the expansion of existing healthcare programs is not authentic reform and further, places the cost burden to the states at a time when states can ill afford it.

It is essential that Congress take the time to examine all possible options for health insurance reform in order to find sustainable long-term solutions. Lowering healthcare costs and reforming the healthcare system is possible without unfunded mandates or Medicaid expansions forced on the states. While certain changes to the current Medicaid program could advance the overall function of health insurance reform, expansion of the program without a permanent funding mechanism is not something that any state can support, nor is it a viable solution.

As you know, unlike the United States Constitution, most state constitutions require a balanced budget, including Nevada. In Nevada, we will spend nearly $907,000,000 for Medicaid programs in Fiscal Years 2010 and 2011. This accounts for 13.8 percent of our General Fund budget. Any further expansion of this program would be another great example of Washington playing budget games by passing on costs to the state – this is unrealistic in the current economy and as a long term resolution.

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Additional expansions of the Medicaid program will force Nevada into deep cuts in other programs and services which are not federally mandated in order to balance our General Fund. In the current fiscal year gaming revenues are down 12.5 percent, and sales tax revenues are down 20 percent. By overriding my veto, the 2009 Nevada Legislature passed substantial tax increases to burden our already beleaguered citizens.
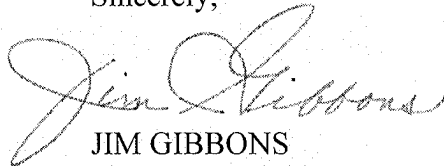
Many current proposals also include significant cuts to the Medicare program. Nevada's growing senior population is frightened by the proposed $162,200,000 reductions which will impact an estimated 11,000,000 seniors. Harmful and arbitrary cuts to Medicare Advantage may result in plans dropping out of the program, limiting beneficiary choice, and causing million of seniors to lose their current coverage. These proposals must be stopped.

Nevadans cannot afford more taxes. Now is not the time to place unfunded Medicaid or other mandates on the states. By expanding Medicaid programs, the United States Congress will be forcing the State of Nevada into deep budget cuts in other state programs. I do not believe that any child's education should be placed on the chopping block to fund these new programs, but we will face that dilemma if these proposals of the Democratic Congress are enacted.

Health insurance reform should be addressed in a cooperative manner by both the federal and state governments. If states are treated as partners - not pawns - we can work to enact important reforms in concert with federal efforts. State-enacted caps on medical malpractice lawsuits, for example, would have a transformative impact on the health care and health insurance industry in each state, cutting costs for consumers without negatively affecting the stability of our current health care industry.

I am ready to work with my fellow Governors and the U.S. Congress in order to support sensible, accountable, and workable health insurance reform that helps, not hurts, Nevadans.

Sincerely,

JIM GIBBONS
Governor