

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

June 23, 2011

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20221

Dear Secretary Sebelius:

We write to express our concern regarding changes to Medicaid eligibility in the Patient Protection and Affordable Care Act (PPACA, P.L.111-148) and Health Care and Education Reconciliation Act (HCERA, P.L. 111-152).

On March 30, 2011, the Chief Actuary at the Centers for Medicare and Medicaid Services (CMS) stated before our Committee in response to a question from Rep. Cassidy, that at least five million more Americans than originally estimated would qualify for the Medicaid program because of the law's use of Modified Adjusted Gross Income (MAGI) to determine eligibility.¹ Earlier this week, the Associated Press reported that this newly eligible population would include middle class Americans with incomes around \$64,000.

This Committee has consistently raised concerns with the unsustainable expansion of the Medicaid program included in the president's health care reform plan. According to the CMS Actuary, the president's expansion of Medicaid in 2014 could add nearly 25 million Americans to the Medicaid program. If this expansion is fully implemented, at least 1 in 4 Americans will become a Medicaid recipient.

¹ The CMS Chief Actuary (Richard S. Foster, F.S.A.) originally raised his concerns regarding the use of MAGI in front of the House Committee on the Budget on January 26, 2011. In his written testimony before the Budget Committee, Mr. Foster states, "If a strict application of the modified adjusted gross income definition is instead applied, as may be intended by the Act, then an additional 5 million or more Social Security early retirees would be potentially eligible for Medicaid coverage."

The intent of the Medicaid program was to be a safety net for our most vulnerable and poorest citizens. The use of MAGI to determine Medicaid eligibility transforms the Medicaid program from serving the most in need to an entitlement program for the middle-class.

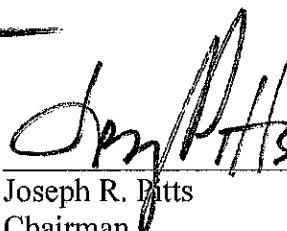
We write to ask you whether the Administration was aware of this change to the definition of income and its potential impact on the Medicaid program, the federal and state deficits and the American taxpayers before the bill was passed by Congress. We also ask whether the administration would support efforts to repeal this provision. Thank you in advance for your prompt reply.

Please respond to these questions and requests for information within two weeks of the date of this letter. If you have any questions regarding this request, please contact Ryan Long with the Committee staff at (202) 225-2927.

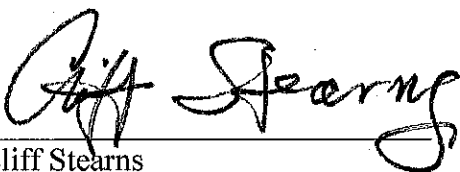
Sincerely,



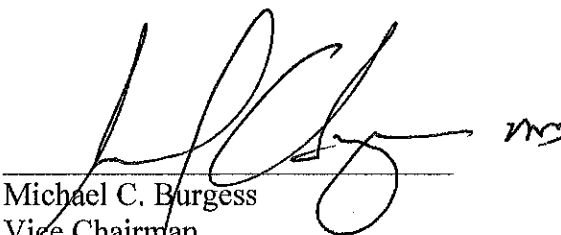
Fred Upton
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Joseph R. Pitts
Chairman
Subcommittee on Health



Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations



Michael C. Burgess
Vice Chairman
Subcommittee on Health

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Frank Pallone, Jr., Ranking Member
Subcommittee on Health

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations