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March 20, 2012

The Honorable Todd Rokita
United States House of Representatives
236 Cannon HOB
Washington, D.C. 20515

Dear Congressman Rokita:

We are writing to applaud your introduction of H.R. 4160, the *State Health Flexibility Act*, which would return power to the states by amending the Social Security Act to replace the Medicaid and Children's Health Insurance programs with block grant funding. H.R. 4160 would also repeal the *Patient Protection and Affordable Care Act* (PPACA), and the higher taxes, mandates, and federal takeover of health insurance regulation that came with it.

As the nation's largest nonpartisan membership association of state legislators—with over 2,000 legislator members across all 50 states and 100 members of Congress—the American Legislative Exchange Council (ALEC) finds this proposal to be of particularly significant importance. ALEC commends your efforts. The states are in desperate need of Medicaid reform, and your proposal would bring about greater savings and better care for beneficiaries.

The National Association of State Budget Officers' latest report on state expenditures found Medicaid spending in 2011 to be the single largest expenditure in the states—higher than elementary and secondary education. Over the last two decades, Medicaid spending in the states has increased nearly three times faster than corrections spending, four times faster than K-12 spending, five times faster than higher education spending, and nine times faster than transportation spending. Unfortunately, this rapid rise in costs has yet to be met with increased flexibility from the federal government. Instead, PPACA would expand Medicaid enrollment, increasing costs to the states by over $118 billion through 2023.

Like you, ALEC believes that states are best suited to make decisions on Medicaid policy for their residents, and that a federal block grant would give states greater flexibility to manage their Medicaid budgets. ALEC has passed a *Resolution on Medicaid Funding Through a Federal Block Grant,* which would transfer both the financial authority and decision making power to the states. Flexibility in determining benefit design, payment options, and consumer choice will help states contain costs while providing better care for Medicaid and CHIP beneficiaries.

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As you know, states that have been given block grants have found success. A bipartisan group of states, including Rhode Island, Texas, and Washington, are either implementing or pursuing Medicaid block grants. After Rhode Island received its Medicaid block grant, the independent Lewin Group evaluation concluded:

> "[W]aiver and budget initiatives introduced by the state have been highly effective in controlling Medicaid costs in Rhode Island and improving members' access to more appropriate services. Continuing the current waiver initiatives along with the implementation of new initiatives planned for future years will result in additional savings for the state and improved care management for Medicaid members."

As a representative to such a broad coalition of state interests, ALEC is extremely pleased with your introduction of the *State Health Flexibility Act*, and we urge all ALEC members in Congress to consider the role of the states as laboratories of policy innovation. The bureaucratic management of states by the federal government in health care has failed. Fortunately, the policy behind H.R. 4160 represents a clear break from the steady erosion of state power, and will instead empower states to serve as they traditionally have—as the primary authority in health care.

Again, ALEC applauds your efforts. Christie Herrera, director of ALEC's Health and Human Services Task Force, looks forward to hearing from your office in the weeks and months ahead on developing and advancing this proposal. Please don't hesitate to contact her office if you have questions.

Sincerely,

Senator Leah Vukmir
Chair, ALEC's Health Task Force
District 5, Wisconsin Senate

Representative David Frizzell
2012 ALEC National Chairman
District 93, Indiana House of Representatives