



700 12TH STREET, NW • SUITE 700
WASHINGTON, DC 20005

July 13, 2009

The Honorable Arnold Schwarzenegger
State Capitol Building
Sacramento, CA 95814

Dear Governor Schwarzenegger,

Most every state is facing hard fiscal times due to the sputtering economy. Balancing your state's budget in today's economic climate is a very difficult task.

There are bills being proposed in Washington that could make the already difficult task of balancing your state's budget virtually impossible – Congress's health care reform efforts.

Putting aside the massive demands on your state that any expanded government role in healthcare would bring, state shortfalls of over \$200 billion are expected over the next three years. The Congressional Budget Office has preliminarily scored several House and Senate reform plans as high as \$1.5 trillion even though the source of revenue for this additional spending is still unclear and its administrative costs not yet calculated. Other independent studies put the price tag for some plans at \$3.5 to \$4 trillion.

Moreover, additional spending in Medicaid alone could run at least \$500 billion over a ten-year period. Indications are that to cover such increases, federal legislators will expect cost sharing by states through the Federal Medical Assistance Percentage, TANF Maintenance of Effort requirements and other transfer mechanisms yet to be designed.

How much of that additional \$500 billion will become your state's burden? Can your state afford this massive unfunded Medicaid mandate?

And, when some Senators stood up and tried to block Congress from passing along on to the states these massive new unfunded mandates, their Amendment was defeated leaving your state's taxpayers unprotected.

While reasonable people can disagree on how best to fix our nation's health care system, there should be no disagreement that Congress should NOT foist \$500 billion in new unfunded Medicaid mandates on states that can barely balance their budgets today. Finding the monies to cover this mandate would have devastating effects that could include draconian spending cuts and massive state tax increases.

I urge you to contact your Congressional Delegation and let your voice be heard against this massive unfunded Medicaid mandate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Scott', is written over a large, loopy circular flourish.

Rick Scott
Chairman