Congress of the United States
Washington, DC 20515

September 14, 2012

Dear Governor:

We recently introduced the Medicaid Long-Term Care Reform Act (H.R. 6033). Part of this bill would require the Department of Health and Human Services to seek feedback from the governors of each of the 50 states on policies to strengthen program integrity and make Medicaid more sustainable for state and federal budgets. We're contacting you to request your written response to several related questions.

Background information:

The Government Accountability Office reports "State Medicaid programs have, by default, become the major form of insurance for long-term care." Since 1995, the cost of Medicaid long-term care has grown at an average annual rate of 6.5 percent. Medicaid spending has already put a strain on state budgets, surpassing outlays for K-12 education programs. Future costs will rise. More than six out of ten seniors will need long-term care services. Demographers project that the number of Americans who are 85 or older – the group most likely to need long-term care – will increase by more than 250 percent between 2000 and 2040.

With this challenge in mind, the National Governors' Association called for policy solutions that "encourage personal responsibility and discourage the reliance on Medicaid financed long-term care." Unfortunately, federal rules weaken Medicaid's program integrity by forcing states to exempt more than half-a-million dollars in home equity and the entire value of a Rolls Royce when determining an individual's eligibility for these welfare benefits. As you know, states often find it difficult to recover Medicaid spending from the estates of people with significant financial assets and home equity. In total, states recovered .78 percent of Medicaid spending for nursing homes in 2004.

Questions:

As a governor who manages a Medicaid budget, we respectfully request your comments on the following questions.

1. Should the federal government give states greater flexibility to consider assets, including substantial home equity, when determining eligibility for long-term care coverage through the Medicaid program? Why or why not?

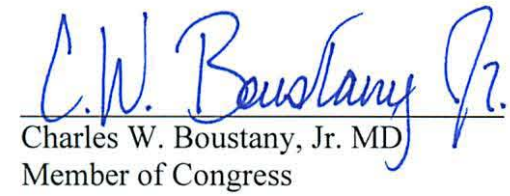
2. Please provide examples of barriers to effective Medicaid estate recovery programs and tools that might help states in this area.

3. Should state and federal governments encourage middle-income Americans to anticipate and plan for their future long-term care needs, instead of relying on Medicaid, a safety net for the poor? Why or why not?

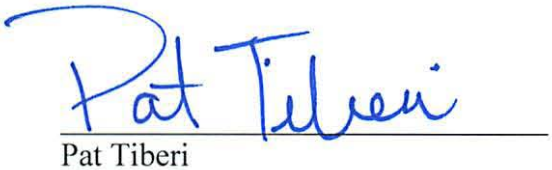
4. Do you consider Medicaid estate planning to be a significant problem that takes resources from the truly needy in your state? Please explain and provide examples.

We appreciate your attention to this matter. Please provide a response to this letter by October 26, 2012. In the meantime, if you have any questions, please have a member of your staff contact Mike Thompson in Rep. Charles Boustany's office at 202-225-2031.

Sincerely,

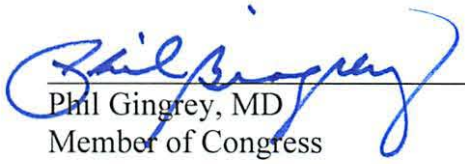


Charles W. Boustany, Jr. MD
Member of Congress



Pat Tiberi
Member of Congress

Marsha Blackburn
Member of Congress



Phil Gingrey, MD
Member of Congress