



*Maine State Legislature
Augusta, Maine 04333-0002*

August 15, 2012

Kathleen Sebelius, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius,

We are writing in response to Governor LePage's letter to you dated August 1, 2012. In his letter, he states that Maine has certified a budget deficit that requires the State to make substantial cuts to Medicaid.

In addition, the Governor asserts that the Medicaid Maintenance of Effort [MOE] in the Affordable Care Act is "part and parcel of the Medicaid expansion that was struck down" by the Supreme Court decision on the Affordable Care Act. He asserts that the State only needs to amend the State Plan.

As Democratic leads on the Joint Standing Committee of the Legislature with jurisdiction over Appropriations and Financial Affairs, and speaking for all Democrats on the Committee, we vigorously dispute that the State has a budget deficit. In addition, the recent memorandum from the well-respected Congressional Research Service lays out clear reasoning why the MOE provision of the law is unaffected by the Supreme Court's decision. In addition we oppose amending the State Plan and oppose the granting of waivers to eliminate or reduce benefits for MaineCare eligible citizens.

Maine's General Fund Budget for FY 2013 is predicated on cuts to three different populations that are clearly protected by the MOE. We did not support the budget that included these proposals, and continue to believe that these eliminations of eligibility in our State's Medicaid program are not legal following the recent Supreme Court decision. The Governor and Legislative Republicans pushed through a budget without support from the Democrats that impacts 27,000 Maine people either by eliminating Medicaid or significantly reducing benefits for these people.

There are several realistic alternatives that can balance the budget without denying health care, reducing benefits to Medicaid eligible citizens, or increasing taxes.

It is important for you to know that the Governor and Legislative Republicans pushed through a massive tax reduction package this year that when fully implemented in future years will reduce state revenues by \$700 million a year. If the State is in such a dire financial situation, why would anyone propose such massive cuts that will begin to take effect in FY 2013?

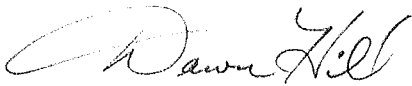
Clearly, we had options in Maine other than eliminating critical health care coverage for low-income working parents, 19 and 20 year olds, seniors, and people with disabilities who need coverage to stay healthy. By eliminating coverage for these groups and relying on hospital emergency rooms to treat them, the cost of health care will skyrocket and further drain state resources.

It is important to note that there is no budget deficit. In fact, the State ended FY 2012 with a \$20 million budget surplus. In April 2012, the Revenue Forecasting Committee reprojected state revenues upward by \$50 million.

In sum, we see no justification for approving the State Plan Amendment request related to the populations protected by the MOE provision in the Affordable Care Act.

Thank you for considering our letter. If you have any questions or concerns, please do not hesitate to contact us.

Sincerely,



Senator Dawn Hill
Senate Appropriations Committee Lead



Rep. Margaret Rotundo
House Appropriations Committee Lead