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## HATCH UNVEILS LEGISLATION ROLLING BACK ONEROUS MEDICAID REQUIREMENTS THAT ARE BANKRUPTING STATES

*Bicameral Legislation Has Support of Majority of Governors Across America*

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today unveiled S.868, the State Flexibility Act, legislation to repeal the onerous Medicaid Maintenance of Effort (MOE) requirements that is threatening the financial health of many states across America. (<http://finance.senate.gov/newsroom/ranking/release/?id=3158d29a-ef11-44a6-ba61-b59f3752d0ef>)

Medicaid, a shared federal-state health program for low-income Americans, is the single largest expense for states that are facing significant budget shortfalls. Because of these Medicaid MOE requirements, states are being forced to make deep cuts to education and law enforcement.

“With a \$175 billion budget shortfall – the worst state budget crisis since the Great Depression – states are seeking real solutions from Washington that will effectively lower entitlement spending and ensure the solvency of safety-net programs, like Medicaid,” **said Hatch, who has led the charge against the expansion of Medicaid in the new health law.**

“These onerous requirements have been a poison pill for states from day one - limiting their ability to lower Medicaid spending and balance their budgets; prohibiting them from targeting scarce resources to their most vulnerable beneficiaries; and hampering their ability to implement responsible program integrity modernizations,” **Hatch continued.** “By rolling back these burdensome, budget-busting constraints, this legislation heeds to the calls of states from across the country and provides a common-sense solution to stem the growth of government and begin to put the states, not Washington, back in charge. Regardless of political affiliation, this initiative has the potential to garner strong, bipartisan support and represents a strong first step in achieving comprehensive Medicaid reform.”

First imposed on the states in the stimulus bill, the \$2.6 trillion health law further expanded Medicaid Maintenance of Effort requirements on states that forces them to maintain expanded eligibility restrictions. Given the states’ \$175 billion collective budget crisis, a majority of Governors want relief from these requirements, which prevent states from targeting health care services to those most in need and limits governors’ ability to root out program waste, fraud, and abuse. In January, the National Governors Association, the bipartisan organization of the nation’s governors, called on Congress to prevent the implementation of the MOE requirements, saying they would “curtail state authority” to effectively manage their budgets and “discourage investment in state-federal programs.”

“Despite states’ difficult fiscal situation, governors are not calling for new one-time help from the federal treasury,” **the bipartisan group wrote to congressional leaders.** “In fact, we encourage the

federal government to follow the lead of states and make the tough decisions necessary to get its fiscal house in order; federal fiscal stability is critical to the long-term strength of states and the country.”

The State Flexibility Act was introduced in response to bipartisan requests from governors not to impose MOE requirements on states. Specifically, the bill would fully repeal the onerous regulations and allow states to take responsible steps to balance their budgets and simultaneously lower federal entitlement spending. According to Congress’ non-partisan budget-scorekeeper, the [Congressional Budget Office \(CBO\)](#), S. 868 will save taxpayers \$2.8 billion over the first five years.

To demonstrate the full impact the MOE restrictions will have on states, the U.S. Senate Finance Committee, Minority and the U.S. House Energy and Commerce Committee, Majority today issued a Joint Committee Review of States’ Perspectives. [The snapshot report](#) highlights the adverse impact the MOE requirements will have on states and makes clear why states need flexibility to manage their Medicaid programs.

U.S. Reps. Phil Gingrey (R-Ga.) and Cathy McMorris Rodgers (R-Wash.) have introduced companion legislation, H.R. 1683, in the U.S. House of Representatives.

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