



Dear Congressman Rokita:

On behalf of the Illinois Policy Institute, I am pleased to offer strong support for the State Health Flexibility Act, H.R. 4160. This bill converts federal Medicaid and SCHIP funding into a block grant, accompanied by real flexibility that allows states to design and implement a health care program that fits the unique needs of their citizens.

In Illinois, like in many states, the current Medicaid program is fiscally unsustainable. Since 2000, Medicaid spending has more than doubled in Illinois. Much of this increase in spending is the result of state and federal expansions of eligibility categories, shifting more and more middle class Americans from private insurance into Medicaid and SCHIP. Unfortunately, the state's skyrocketing Medicaid costs have crowded out funding on core government services, such as education and public safety.

Despite record levels of spending, today's Medicaid program is failing the state's most vulnerable populations. These patients face huge access barriers and when they are able to get care at all, they frequently suffer worse outcomes than both privately insured and uninsured patients. These problems are caused in a large part by the federal government's rigid one-size-fits-all rules and regulations, and will only worsen as states begin to implement the Affordable Care Act.

This bill gives states like Illinois the flexibility they so desperately need. States will truly be laboratories of innovation. They will have the freedom to design a system that works best for their neediest citizens, not one that works best for the bureaucrats in Washington.

In exchange for wide flexibility, states will receive a lump sum payment based on 2012 Medicaid and SCHIP spending. This encourages states like Illinois to manage their costs more effectively, both in booms and in busts. Over the next ten years, this bill is expected to save taxpayers an estimated \$1.8 trillion, without cutting current Medicaid and SCHIP funding by a single penny.

For these reasons, the Illinois Policy Institute is proud to support the State Health Flexibility Act and we look forward to working with you and your colleagues in the future.

Sincerely,

A handwritten signature in black ink that reads "Jonathan Ingram".

Jonathan Ingram
Health Care Policy Analyst
Illinois Policy Institute