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Statement by Governor Vilsack

DES MOINES – Governor Tom Vilsack released the following statement today:

“Several months ago the Center for Medicare and Medicaid Services (CMS) notified the State of Iowa that effective July 1, 2005, the State would no longer be able to use a financing mechanism known as “intergovernmental transfers” (IGTs) to fund health care services for the poor, disabled and seniors through Medicaid. The loss of IGTs would mean a reduction of \$65 million in federal resources for Iowa’s Medicaid program and would likely mean significant reductions in services to Iowa’s most vulnerable populations.

In response to a potential loss of resources and health care services, the Department of Human Services, Senator Mike Gronstal, Representative Danny Carroll and I engaged CMS, Iowa’s congressional delegation and Secretary Mike Leavitt, in an extensive discussion in an effort to avoid the cuts. No changes were proposed to current Medicaid populations. Rather, we suggested an innovative and creative way to address the continuing problem of the uninsured.

Two weeks ago, Senator Gronstal, Representative Carroll, DHS officials and I outlined our proposal to the Secretary and CMS staff. The Secretary reacted favorably and on March 22, 2005, gave us the green light to enact legislation that would tackle the issue of the uninsured enabling the state to preserve funding for the regular Medicaid program. Upon enactment, the Secretary indicated a willingness to grant the state the necessary flexibility to implement this new and creative approach. The goal is to complete work on this legislation before the General Assembly adjourns.

I am very appreciative of Secretary Leavitt and to the Iowa Congressional delegation for their support in this creative measure to enhance services and control costs. This is an opportunity for our state to lead. I know the General Assembly will join me in eagerly taking on this great challenge. By working together, we can forge a new path of opportunity for other states to follow in delivering healthcare services, particularly to the uninsured.”

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