



May 7, 2025

The Honorable Congressman Stutzman
United States House of Representatives

Dear Representative Stutzman,

I'm writing to urge you to protect Medicaid and oppose any proposals that would cut funding, impose block grants, institute per-capita caps, or limit the ability for states to finance Medicaid through provider taxes. While we recognize and appreciate the desire to eliminate waste, fraud, and abuse in the Medicaid program these proposed drastic changes would be devastating for rural Indiana.

Nearly half of rural hospitals already operate at a loss. Medicaid cuts would push many to the brink, forcing closures that strip communities of vital services like maternity care, emergency treatment, and chronic disease management. Rural hospitals contribute to the vitality and life of rural communities and are often the safety net provider for over 1.4 million rural Hoosiers.

Proposals like block-grants or per capita caps would tie the state's hands during health crises and population growth. Funding wouldn't keep pace with needs and shifts costs onto families who already struggle to afford basic services. Lowering the federal match rate for Medicaid expansion would hit Indiana especially hard. Indiana's trigger law could undo expansion entirely if the federal share drops at a time when Indiana is also working to implement a State Directed Payment Program that prioritizes rural providers, an opportunity to help bring in critical revenue to rural Indiana. Drastically changing the status quo threatens the viability of Indiana's Medicaid program.

One **solution** for Congress to reduce healthcare spending lies in addressing the substantial overpayments in the Medicare Advantage program. According to the Committee for a Responsible Federal Budget, Medicare Advantage plans are projected to be overpaid by \$1.2 trillion over the next decade due to practices like coding intensity and favorable selection.¹ Implementing reforms to reduce these overpayments could yield significant savings.

To keep rural communities healthy, Medicaid funding must remain stable, with strong reimbursement rates that keep providers in the program. Expanding access through practical solutions like telehealth, transportation, and workforce support will help ensure that rural Hoosiers receive care close to home. Medicaid is more than a program—it's a lifeline that sustains local health systems, keeps hospitals open, and supports the strength of our small towns. Please stand with us to protect it.

Sincerely,

A handwritten signature in black ink that reads "Cara Veale".

Cara Veale, DHS, FACHE
Chief Executive Officer
Indiana Rural Health Association

¹ <https://www.crfb.org/blogs/medicare-advantage-will-be-overpaid-12-trillion>