

OLYMPIA J. SNOWE  
MAINE

154 RUSSELL SENATE OFFICE BUILDING  
(202) 224-5344

Web Site: <http://snowe.senate.gov>

DEPUTY WHIP

# United States Senate

WASHINGTON, DC 20510-1903

January 22, 2009

COMMITTEES:  
COMMERCE, SCIENCE, AND  
TRANSPORTATION

OCEANS, ATMOSPHERE, FISHERIES AND  
COAST GUARD SUBCOMMITTEE

FINANCE

INTELLIGENCE

RANKING MEMBER, SMALL BUSINESS

Mr. Chris Orestis



Dear Chris:

Thank you for contacting me concerning our economy and Medicaid. I appreciate hearing your thoughts on these issues.

The broadening economic downturn, coupled with a crisis of consumer confidence and a deteriorating housing market, continues to cripple our nation's job market and our economic security. Please be assured I firmly believe that it is the obligation of Congress to prepare and pass a second economic stimulus bill. I urge my colleagues in the House and the Senate to put forth a responsible package, made up of elements that are swift and certain to spur our economy; an extension of Unemployment benefits, an increase in food stamp funding, and additional financial assistance to states to help support their Medicaid programs.

The current economic and financial crisis is an unprecedented challenge confronting this nation. We already have witnessed the dramatic beginnings of the dangerous tailspin this massive upheaval has produced. The bankruptcy of 158-year-old Lehman Brothers, the federal takeovers of American International Group and Bear Stearns, the implosion of the Federal National Mortgage Corporation [Fannie Mae] and the Federal Home Loan Mortgage Corporation [Freddie Mac] and their entry into federal conservatorship, the \$557 billion in losses and write-downs on subprime investments worldwide, the single largest bank failure in the history of the United States with Washington Mutual following the collapse of IndyMac, and the fire sale of nearly insolvent Wachovia – the 4th largest bank in the country—all illustrate the expansive reach of the crisis.

Moreover, in a single month, investors pulled \$335 billion out of money market funds, the cost of overnight lending between banks jumped 116 percent, capital evaporated, and small firms – as well as large – suddenly have been denied access to existing credit lines, never mind new loans. U.S. stock markets lost \$1.2 trillion on Monday, September 29, 2008, alone. The credit crunch is even affecting the ability of states to start transportation and other infrastructure projects that enhance economic competitiveness and create jobs – at a time when America is already suffering under a 6.5 percent unemployment rate—the highest since 1994—with 1.2 million jobs lost so far this year and 240,000 lost in October alone. Just a few short months ago, 6.5 percent was the threshold of “high unemployment.” The number of long-term unemployed has increased by nearly a third over the past year, a year in which we have lost jobs in every single month.

I noted your support for the inclusion of Medicaid funding in a second stimulus package. I want you to know that I share your concerns about our nation's elderly. As you noted, the Medicaid program provides important protections for our nation's older citizens, such as funding for nursing homes and other long-term care facilities, and that is why it is critical to protect the program for both current and future beneficiaries. You may be interested to learn that I am an original cosponsor of the Long-Term Care Affordability and

AUBURN  
TWO GREAT FALLS PLAZA  
SUITE 7B  
AUBURN, ME 04210  
(207) 786-2451

AUGUSTA  
40 WESTERN AVENUE, SUITE 408C  
AUGUSTA, ME 04330  
(207) 622-8292

BANGOR  
ONE CUMBERLAND PLACE, SUITE 306  
BANGOR, ME 04401  
(207) 945-0432

BIDDEFORD  
227 MAIN STREET  
BIDDEFORD, ME 04005  
(207) 282-4144

PORTLAND  
3 CANAL PLAZA, SUITE 601  
PORTLAND, ME 04101  
(207) 874-0883  
MAINE RELAY SERVICE  
TDD 1-955-3323

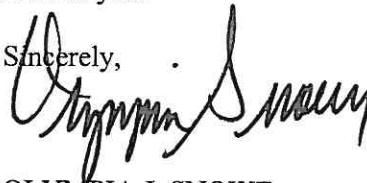
PRESQUE ISLE  
189 ACADEMY STREET, SUITE 3  
PRESQUE ISLE, ME 04769  
(207) 764-5124

Security Act (S. 2337), which was introduced by Senator Grassley. This bill would permit long-term care insurance to be included in employer-sponsored cafeteria plans and flexible spending accounts, allowing individuals to pay long-term care insurance premiums using pre-tax dollars. The legislation also would make certain consumer protections applicable to long-term care insurance. Upon introduction, S. 2337 was referred to the Senate Finance Committee, of which I am a member. Please be assured that I will continue to work with my colleagues to ensure that this legislation is enacted.

Further, you expressed specific support for increasing the Federal Medical Assistance Percentage (FMAP) for the Medicaid program. You will be pleased to know that on April 3, 2008, I, along with my colleagues Senator Rockefeller and Senator Kennedy, introduced the Economic Recovery in Health Care Act (S. 2819). Our legislation would extend the moratorium on several Medicaid regulations until April 1, 2009. Our bill would also provide approximately \$12 billion in timely and temporary countercyclical funding to states, in the form of increases in federal Medicaid matching rates (FMAP) as well as targeted block grants. Experts have found that for each dollar the federal government spends on targeted state aid, it creates \$1.36 in economic activity. As a member of the Senate Finance Committee, which has jurisdiction over these matters, please be assured that I will continue working with my colleagues to protect such critical services for this vulnerable population. Should the full Senate consider a second economic stimulus package, rest assured that I will keep your support for Medicaid funding in mind.

Again, thank you for taking the time to share your views. I value your opinion and hope that you continue to inform me of the issues that concern you.

Sincerely,



OLYMPIA J. SNOWE  
United States Senator

OJS:tam