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Office of the Governor

February 26, 2025

The Honorable Nicole Cannizzaro, Majority Leader
Nevada State Senate
401 S. Carson St.
Carson City, NV 89701

The Honorable Steve Yeager, Speaker
Nevada State Assembly
401 S. Carson St.
Carson City, NV 89701

Dear Majority Leader Cannizzaro, Speaker Yeager, and Nevada State Legislators,

As Congress looks to find savings within the federal government, I understand the concern that many Nevadans have expressed about the potential cuts to our state's Medicaid program. As the state's largest payer of health care, Medicaid covers nearly 800,000 Nevadans, significantly impacting both the well-being of our residents and our state's budget. Medicaid was created to serve low-income individuals, children, seniors, and people with disabilities, and I share many of your concerns regarding any changes to the program that may negatively impact Nevadans.

While the situation at the federal level remains fluid, and federal funding decisions ultimately rest with the Administration and Congress, I want to assure Nevadans that I am actively engaged in conversations with the White House and others in the federal government to relay our state's concerns.

To maintain a productive dialogue on this topic, I've communicated three areas of greatest concern for the state, while also reiterating Nevada's commitment to finding federal spending solutions that safeguard essential Medicaid services. In my recent correspondence with the federal government, I outlined the following areas of concern:

1. **Rolling back critical expansion population funding**, which has resulted in significant gains for Nevada's health care system, including reducing the state's uninsured rate, which, before expansion, was the fifth highest in the nation. Beyond its role providing coverage for vulnerable populations, hospitals, clinics, and providers across the state depend on Medicaid reimbursements to sustain operations, maintain staffing levels, and invest in critical services.
2. **Limiting federal funding with a per capita cap model** is an additional area of concern that, depending on the details of the proposal, could mean anywhere from \$590.2 million to \$3.15 billion loss of federal funds for Nevada over the next biennium.

3. **Lowering the safe harbor for provider taxes for hospitals** would exacerbate our state's already overworked and overburdened hospitals. This proposal would impose a major financial burden on more than 43 hospitals in Nevada. Moreover, this change would diminish Nevada's capacity to comply with its recently signed settlement agreement with the U.S. Department of Justice for children with behavioral health disabilities.

Nevada remains committed to being a constructive partner in efforts to ensure fiscal responsibility at the federal level, but federal funding cuts to essential programs alone will not solve Washington's spending problem or the rising cost of health care. Instead, states need better tools and support at the federal level to rein in costs, reduce fraud, and improve quality in the program. This includes innovative solutions to control rising costs, tools to curb waste, fraud, and abuse, and the repeal of burdensome federal regulations that lead to excessive costs for state budgets.

An abrupt reduction in federal funding would not only disrupt care for those who rely on Medicaid, but would also destabilize public and private healthcare providers, leading to workforce reductions, service limitations, and financial strain on already overburdened health care facilities.

My hope is that by engaging in constructive dialogue with the federal government and other policymakers, we can work together to protect Nevadans, protect health care providers from shouldering the burden of these cuts, and protect our hospitals who play a vital role in all communities across Nevada.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joe Lombardo', with a stylized flourish at the end.

Joe Lombardo
Governor of Nevada