November 18, 2025

The Honorable Michael Cloud
304 Cannon House Office Building
Washington, DC 20515

Dear Representative Cloud,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our strong support for the District of Columbia Medicaid Fairness Act. This legislation takes important steps to rein in entitlement spending by gradually phasing down DC's federal Medicaid matching rate to align with other jurisdictions, ensuring taxpayers across the country are treated fairly. NTU is proud to endorse this practical measure and encourages all members to co-sponsor this commonsense, pro-taxpayer legislation.

As you know, the federal government covers a portion of each state, territory, and DC's Medicaid spending through the Federal Medical Assistance Percentage (FMAP). That rate is based on per-capita income, giving more federal support to poorer jurisdictions and less to wealthier ones. Yet, the nation's capital receives special treatment and benefits from far more federal support than it warrants.

DC's elevated federal match was initially introduced in 1997 at a time when the city faced a severe fiscal crisis. Rather than following the standard formula that determines the federal government's share of Medicaid funding, Congress permanently set DC's matching rate at 70%. That means, for every dollar spent on Medicaid in the District, the federal government pays 70 cents while DC taxpayers only contribute 30 cents. Decades later, DC still enjoys this generous subsidy despite running balanced budgets for 30 consecutive years and managing more than $20 billion annually.

This outdated FMAP arrangement is regressive as it unfairly shifts the costs of DC's Medicaid spending onto taxpayers from poorer jurisdictions. The nation's capital is the wealthiest jurisdiction in the entire country, with a per capita income of over $108,000 annually. By comparison, South Carolina's per capita income is nearly half that at $59,000. Yet, its lower FMAP of 69.5% means federal taxpayers in a poorer state are effectively subsidizing a much wealthier city. Had the District's rate been calculated under the standard formula, its FMAP would align with other wealthy states at roughly 50%.

DC's unfair Medicaid allotment contributes to the unsustainable path of this entitlement program. The Congressional Budget Office projects that Medicaid outlays will reach $1.025 trillion by 2035—a 66% increase over just a decade. Total Medicaid spending from 2026 through 2035 is projected to hit $8.6 trillion, plus another $195 billion for the Children's Health

Insurance Program (CHIP). That makes these programs among the largest and fastest-growing drivers of federal spending, second only to Social Security and Medicare. Even modest changes, such as those proposed by your legislation, will help rein in this runaway program.

To bring equity to Medicaid funding, the District of Columbia Medicaid Fairness Act gradually phases down DC's Medicaid matching rate to bring it in line with other wealthy jurisdictions. This practical solution not only protects taxpayers in poorer states but also trims the federal deficit by up to $8 billion dollars over a ten-year window. With health care costs and federal government finances under increasing strain, prudent reforms like this are more valuable than ever.

Reforming entitlement programs is rarely easy, yet the District of Columbia Medicaid Fairness Act is a much-needed step in tackling bloated government spending while sticking up for the interests of taxpayers. NTU is proud to support this legislation and looks forward to working with you to help it become law.

Sincerely,

Alexander Ciccone
Policy and Government Affairs Manager
National Taxpayers Union