

Partnership for Medicaid Partnership for Medicaid

February 19, 2010

The Honorable Harry Reid
Senate Majority Leader
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232 The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
361-A Russell Senate Office Building
Washington, DC 20510

The Honorable John Boehner
House Minority Leader
H-204 The Capitol
Washington, DC 20515

Dear Majority Leader Reid, Speaker Pelosi, Senator McConnell, and Mr. Boehner,

As organizations representing providers participating in Medicaid, we support an extension of the state Medicaid assistance provided in the American Recovery and Reinvestment Act (ARRA) of at least six additional months, and ask you to make it a priority in the coming weeks.

The assistance provided in ARRA has been critical in stabilizing state Medicaid programs during this recession. We thank you for recognizing the increased burden that high unemployment, increased enrollment and reduced revenues place on state Medicaid programs by providing \$87 billion in assistance in ARRA.

With the increased federal Medicaid funding in ARRA set to expire on December 31, 2010—yet economists projecting state budgets not to bottom out until 2011—we are concerned that states will attempt to close budget deficits by taking actions to cut payments to providers. Such actions would reduce participation in the program and create access problems that have the potential to destabilize an already fragile safety net.

Therefore, we support efforts to extend the temporary Medicaid assistance provided in ARRA for at least another six months. We were pleased to see a six-month extension in the President's Budget. Enacting this extension expeditiously would give states the direction they need in planning their budgets for State Fiscal Year 2011 and hopefully avoid tough decisions like reductions in provider payments that would harm the program for low-income children, pregnant women, disabled Americans and seniors.

The funding also has a positive effect on the health care workforce employed by the providers we represent. Adequate Medicaid funding allows our providers to hire new

primary care practitioners, specialists, allied health professionals and support staff. Economist Mark Zandi estimates that every dollar in federal Medicaid aid results in \$1.41 in increased economic activity, which translates into jobs and stronger economic growth nationwide.

We also support the extension of “maintenance of effort” and prompt pay provisions in ARRA that help maintain strong state Medicaid programs. If these conditions are maintained in an extension, we believe the “maintenance of effort” should be extended to payment rates for providers and health plans. The current “maintenance of effort” provisions set up a scenario where states cannot cut eligibility or benefits, leaving reductions in provider payments as the only option for states to control costs, which some states have done. We believe that if states are gaining billions of dollars in federal Medicaid funds, Congress has a responsibility to ensure access problems are not exacerbated in Medicaid.

Extending the FMAP assistance for another six months is consistent with the Partnership’s core principles of preserving the federal guarantee of Medicaid coverage, strengthening the federal financial role, and assuring adequate provider participation. Through this action Congress can ensure that Medicaid continues its crucial role as a safety net for vulnerable populations. Thank you for your commitment to strengthening and improving the Medicaid program.

American Academy of Family Physicians
American Academy of Pediatrics
Association of Clinicians for the Underserved
Association for Community Affiliated Plans
American Congress of Obstetricians and Gynecologists
American Dental Association
American Health Care Association
American Public Health Association
Easter Seals
Medicaid Health Plans of America
National Association of Children’s Hospitals
National Association of Community Health Centers
National Association of Public Hospitals and Health Systems
National Council for Community Behavioral Healthcare
National Health Care for the Homeless Council
National Hispanic Medical Association