

Partnership for Medicaid Partnership for Medicaid

January 25, 2008

Dear Member of Congress:

We, the undersigned members of the Partnership for Medicaid, urge you to include an increase in the federal Medicaid match rate (FMAP) for states and localities in any economic stimulus legislation Congress considers. Such an increase not only recognizes Medicaid's counter-cyclical nature but also represents a targeted and effective stimulus tool.

The Partnership is a group of safety net providers and other key organizations dedicated to preserving and improving the Medicaid program. We are a non-partisan, nationwide coalition that stands united in our resolve to ensure that Medicaid continues its vital role as a strong safety net for vulnerable Americans.

During economic downturns and periods of increased unemployment, more people rely on Medicaid. Yet under the program's financing mechanism, Medicaid is most vulnerable to funding shortfalls when circumstances create the greatest need. In addition, the recent issuance of a number of damaging Medicaid regulations and actions proposed by the administration poses a serious threat to the health care safety net. Addressing these factors – providing an immediate temporary increase to FMAP in the stimulus package while addressing the CMS issuances in a timely way – will go a long way to shoring up state Medicaid programs during the economic slow down and ensuring that Medicaid beneficiaries continue to receive the coverage they need.

In 2003, Congress passed legislation that temporarily increased each state's federal Medicaid match rate for 15 months. According to a study from the Kaiser Commission on Medicaid and the Uninsured, 36 states reported that they used the increased FMAP to resolve budget shortfalls in their Medicaid program. A January 2008 paper from the Congressional Budget Office concurs, noting that "More than half of the states reported that the increased matching rates enabled them to avoid or delay making cuts—or to make smaller cuts—to their Medicaid program."

Increasing the FMAP is an effective means of stimulating state economies. It would target federal spending at the lowest income individuals and contribute to state economies, particularly the health care sector. That is why the Partnership for Medicaid supports a temporary increase in the FMAP.

Thank you for your consideration of our views. We look forward to working with you on behalf of the more than 52 million recipients who rely on Medicaid for vital coverage, and the providers who serve them. Should you have any questions about these or other issues please feel free to contact any of our organizations or call Licy Do Canto at (202) 296-1721.

Sincerely,

AMERICAN ACADEMY OF FAMILY PHYSICIANS

AMERICAN ACADEMY OF PEDIATRICS

AMERICAN HEALTH CARE ASSOCIATION

AMERICAN COLLEGE OF OBSTETRICIANS AND GYNECOLOGISTS

AMERICAN DENTAL ASSOCIATION

ASSOCIATION OF CLINICIANS FOR THE UNDERSERVED

ASSOCIATION FOR COMMUNITY AFFILIATED PLANS

MEDICAID HEALTH PLANS OF AMERICA

NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS

NATIONAL ASSOCIATION OF COMMUNITY HEALTH CENTERS

NATIONAL ASSOCIATION OF COUNTIES

NATIONAL ASSOCIATION OF PUBLIC HOSPITALS & HEALTH SYSTEMS

NATIONAL COUNCIL FOR COMMUNITY BEHAVIORAL HEALTHCARE

NATIONAL HISPANIC MEDICAL ASSOCIATION

NATIONAL RURAL HEALTH ASSOCIATION

AFL-CIO