

Partnership for Medicaid Partnership for Medicaid

April 24, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
US House of Representatives
Washington, DC 20515

The Honorable Henry Waxman
Ranking Member
Committee on Energy and Commerce
US House of Representatives
Washington, DC 20515

Dear Chairman Upton and Congressman Waxman,

On behalf of the Partnership for Medicaid – a nonpartisan, nationwide coalition of safety-net providers, counties, labor and health plans, we write to express our deep concern about proposals to cut Medicaid as part of budget reconciliation to be considered by the Committee on Energy and Commerce.

Millions of people in the United States, spanning all walks of life, receive their health insurance through the Medicaid program. It serves as the safety net for the elderly who live in nursing homes, working families, children, pregnant women, and people with disabilities. With this many Americans relying on Medicaid, it is vital that the program retains and improves its ability to ensure that beneficiaries have a place to go for care—since coverage does not equate to access—and that providers are able to recoup enough of the costs for caring for these beneficiaries and stay in business.

The legislation under consideration in your committee would cut Medicaid spending by more than \$25 billion over the next ten years. It would also reduce health care coverage by repealing health insurance Exchange funding. These cuts would shift costs onto both states and safety net providers and would hurt vulnerable Medicaid patients' access to care. The Partnership is particularly concerned about:

- **Changes in Medicaid Eligibility Rules** - Proposals changing eligibility rules in states would seriously impede the ability of vulnerable, low-income Americans to access care before they become ill or their health problems escalate, causing greater utilization of care in higher-cost settings such as emergency departments.
- **Limiting State Ability to use Provider Taxes** - Provider taxes enable states to maintain a stable, functioning Medicaid program and limiting them does not increase efficiency or performance – it is simply a cost shift onto states. Without this revenue stream, states would be forced to find revenue from other sources or dramatically cut back on Medicaid, which would shift the high costs of indigent care onto local governments, providers and beneficiaries.
- **Cuts to Future Medicaid Disproportionate Share Hospital (DSH) Payments** – Medicaid DSH helps to reimburse safety net hospitals for some of the costs of care to the uninsured and for Medicaid underpayment. The Partnership is concerned about any cuts to DSH, particularly when DSH cuts are used to offset other programs or federal spending and are not tied to a corresponding expansion of coverage.
- **Repeal of Increased Federal Medicaid Funding Cap and Match Rate for the Territories** – Repealing the increases to the territories' FMAP and block grant funding cap that were included in the Affordable Care Act will only exacerbate the difficulties Medicaid beneficiaries living in the U.S. territories already experience. Territories' Medicaid funding functions like a block grant, so federal

funding cuts are passed along by either cutting benefits to enrollees, reducing or limiting eligibility, or reducing rates to providers—all of which impede access to care.

Over the years, the Partnership has been responsible for proposing successful Medicaid endeavors, such as emergency room diversion programs that have reduced cost while improving quality and health care delivery. The Partnership is committed to continuing in this role, both by offering solutions and identifying areas of concern. In the last year, the Partnership has put forward a number of policy options for improving the Medicaid program, such as proposals that would increase state flexibility in providing home and community-based services, improve care coordination among those with chronic conditions, and develop comparable data about the quality of Medicaid services, just to name a few.

While we want to continue to work with Congress on innovative solutions to reduce costs and improve the Medicaid program. Unfortunately, we do not believe the set of proposals before your committee will improve the Medicaid program that so many Americans rely on for their health care coverage and we must urge you to reject them.

Sincerely,

**American Academy of Family Physicians
American Academy of Pediatrics
American College of Obstetricians and Gynecologists
American Health Care Association
American Public Health Association
Association of Clinicians for the Underserved
Association of Community Affiliated Plans
Catholic Health Association of the United States
Jewish Federations of North America
National Association of Community Health Centers
National Association of Counties
National Association of Pediatric Nurse Practitioners
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
National Rural Health Association**

cc: Rep. John Boehner, Speaker of the House of Representatives
Rep. Nancy Pelosi, Minority Leader, House of Representatives
Sen. Max Baucus, Chair, Senate Committee on Finance
Sen. Orrin Hatch, Ranking Member, Senate Committee on Finance