

Partnership for Medicaid

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November 24, 2008

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Senator Reid, Senator McConnell, Speaker Pelosi, and Representative Boehner:

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. Most importantly, it would protect the nation's more than 58 million Medicaid enrollees, which are particularly vulnerable during times of economic distress.

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.

State Medicaid programs are on the chopping block all across the country and they need more federal support. To bolster that support, we urge you to include in any FMAP increase language that will ensure that states do not shift further costs to Medicaid providers by at least holding harmless payment rates for those providing services under state Medicaid programs and requiring states to pass any increase through to local governments commensurate with their contribution towards the non-federal share of Medicaid. Language in earlier stimulus measures in the 110th Congress specifically limited states' ability to cost shift by limiting restrictions on enrollee eligibility; Medicaid providers need protection from such cost shifting as well. The FMAP increase should also be extended to Medicaid disproportionate share hospital (DSH) payments to assist local governments struggling to pay for the rapidly rising costs of the uninsured. FMAP relief for DSH will also help avoid DSH cutbacks, which would translate into reduced access to services at a time of rising demand. The safety net supported through Medicaid DSH payments is no less fragile and no less necessary in this time of economic turmoil

than the safety net supported through other Medicaid payments. FMAP relief should not encourage cost shifts to safety net providers and plans, nor should it exclude DSH.

Beyond helping enrollees aided directly by Medicaid, 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 in the health care sector, which accounts for a growing portion of the national economy. According to an analysis of the impacts of the 2003 FMAP stimulus by 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 report 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." Clearly, an increase of the FMAP is needed at this time.

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 Thomas Johnson at **(202) 857-5725**.

Sincerely,

American Academy of Pediatrics
American College of Obstetricians and Gynecologists
American Dental Association
American Federation of Labor - Congress of Industrial Organizations
American Health Care Association
Association of Clinicians for the Underserved
Association for Community Affiliated Plans
Medicaid Health Plans of America
National Assoc. of Children's Hospitals
National Association of Community Health Centers
National Association of Counties
National Association of Public Hospitals and Health Systems
National Council for Community Behavioral Healthcare
National Hispanic Medical Association
National Rural Health Association