

December 5, 2012

The President  
The White House  
Washington, DC 20500

The Honorable John Boehner  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Mr. President, Speaker Boehner, Sen. Reid, Rep. Pelosi and Sen. McConnell:

On behalf of our organizations, each of whom supports Medicaid-financed services for America's most vulnerable, we urge you to reject any proposals to address the looming "fiscal cliff" which reduce or eliminate Medicaid provider assessments. These proposals do nothing to increase the efficiency of the program and only harm those who rely on Medicaid for access to quality health care and long-term services and supports: the older adults, children, individuals with disabilities, low-income families, and pregnant women.

Health care related assessments, often referred to as provider assessments, quality fees or taxes, are authorized by federal statute<sup>1</sup>, implemented by federal regulation and overseen by the U.S. Department of Health and Human Services. These assessments are a vital resource for states by providing supplemental payments for the classes of providers that pay the assessment. Provider assessments also give states the flexibility to increase or avert reductions in Medicaid rates, and finance other areas of Medicaid in order to more adequately subsidize the notoriously underfunded program. These assessments have been used to expand coverage, offer additional benefits and increase reimbursement rates, alleviating those gaps in patient access caused by chronic, insufficient reimbursement.

Given the benefit they bring to Medicaid providers and beneficiaries, these assessments are very common. By 2013, 49 states and the District of Columbia will have at least one provider assessment program. Cutting or eliminating provider assessments while the economy continues to struggle threatens the still fragile state recoveries and the Medicaid safety net program. Reduction or elimination of provider assessments would cause a substantial cost shift onto the states at a time when they still have few resources to buffer such a cut.

Ultimately, we agree that we must find ways to make Medicaid more sustainable over the long-term while addressing the growth of health care costs throughout the system. In the short-term,

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<sup>1</sup> Section 1903(w)(3)(A) of the Social Security Act

arbitrary cuts to provider assessments do nothing to achieve programmatic efficiencies or improve quality of care. Instead, such cuts threaten access to care for the 60 million vulnerable Americans on Medicaid including older adults, children, persons with disabilities, low income families, and pregnant women.

There is a better way. We look forward to working with you on this critical issue to ensure our nation's most vulnerable are protected.

Sincerely,

AARP

American Congress of Obstetricians and Gynecologists

American Health Care Association and the National Center for Assisted Living

American Network of Community Options and Resources

Association for Community Affiliated Plans

Catholic Health Association of the United States

Children's Hospital Association

Coalition on Human Needs

Families USA

The Jewish Federations of North America

Medicaid Health Plans of America

National AHEC Organization

National Association of Community Health Centers

National Association of Counties

National Association of Public Hospitals and Health Systems

National Health Care for the Homeless Council

National Hispanic Medical Association

National Rural Health Association

Service Employees International Union

United Spinal Association

CC: Sen. Max Baucus, Chair, Senate Committee on Finance

Rep. Fred Upton, Chair, House Committee on Energy and Commerce

Sen. Orrin Hatch, Ranking Member, Senate Committee on Finance

Rep. Henry Waxman, Ranking Member, House Committee on Energy and Commerce