

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

June 8, 2012

Dear Member of Congress:

On behalf of the undersigned organizations representing the nation's hospitals and health systems, we are writing to ask that you reject restrictions on states' use of Medicaid provider assessments as a means of paying for the reduced student loan interest rate legislation currently being considered in Congress. We strongly believe that allowing subsidized student loan interest rates to double beginning July 1 would be devastating to millions of American students and their families. However, the Medicaid program serves more than 59 million people and has been subject to significant cuts at the state level. At a time of austere state budgets, flexibility in Medicaid funding is paramount so that states can meet their financial obligations; states must be able to fully utilize Medicaid provider assessments as a means of meeting this commitment.

One option proposed to offset the student loan legislation would reduce the allowable Medicaid provider assessment rate from 6 percent to 5.5 percent, which, according to the Congressional Budget Office, would save \$4.65 billion from fiscal years 2012 to 2017 and \$11.3 billion over fiscal years 2012 to 2022. Because almost all states use some form of provider assessments in order to obtain federal matching funds for their Medicaid programs, such a reduction in Medicaid funding could adversely impact state financing and negatively affect beneficiaries and providers alike.

Improvements must be made to the Medicaid program; we must find a way to make the program more efficient while maintaining high-quality health care for low-income Americans. A cut to the program through reductions in the allowable provider assessment rate will not achieve this goal.

Thank you for consideration of this request.

Sincerely,

American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Children's Hospital Association
Federation of American Hospitals
National Association of Psychiatric Health Systems
National Association of Public Hospitals and Health Systems
Premier Healthcare Alliance
VHA Inc.