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\(^1\), 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,

\(^1\) 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