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August 11, 2004

The Honorable Gordon Smith  
United States Senate  
404 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Smith:

On behalf of our 4,700 hospital, health care system, and other health care provider members, and our 31,000 individual members, the American Hospital Association (AHA) is writing to express our strong support for Medicaid state fiscal relief, specifically the State Fiscal Relief Act of 2004 (S. 2671) introduced by you and Senator John Rockefeller (D-WV). This important legislation recognizes that states are still experiencing ongoing budget shortfalls even with the upturn in the national economy, and provides temporary fiscal relief to ease the sharp falloff of funding that occurred with the June 30 expiration of last year's state fiscal relief.

AHA supports state fiscal relief because hospitals are the ultimate health care safety net for low-income, uninsured and underinsured Americans. And we realize the critical importance of states being able to provide their share of the state-federal funding match in the Medicaid program in order for vulnerable citizens to obtain and retain health care coverage and health services. Your legislation would help by providing to states that maintain their Medicaid eligibility levels an additional \$6 billion in temporary state fiscal relief, consisting of \$4.8 billion in a general increase of 1.26 percentage points in Medicaid's Federal Medical Assistance Percentage (FMAP) for all states, as well as a temporary freeze for states slated for reductions in their FMAP; and \$1.2 billion in federal funding to help states implement certain provisions of the Medicare Modernization Act.

We applaud your leadership on this issue and support enactment of this legislation.

Sincerely,

Rick Pollack  
Executive Vice President

