

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

August 5, 2005

Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator:

On behalf of America's hospital community, we are writing to express our concern for any short term Medicaid spending reforms that include increased cost sharing for the program's beneficiaries. More than 57 million vulnerable Americans, many of whom are children and seniors, rely on Medicaid for their health care coverage. Even an incremental increase in co-payments, or permitting states to charge premiums or deductibles, would have a negative impact on these individuals as many already struggle to pay the current allowable amounts.

The higher costs to beneficiaries could pose financial barriers to getting needed medical care. National studies show that access to physician services is diminished when co-payments increase. Patients may defer treatment or wait until they are much sicker to seek treatment and may end up receiving care in a more costly setting, such as an emergency department.

Because cost-sharing and higher co-payments are a disincentive to receiving the right care in the right setting, we urge you to carefully consider the impact this approach would have on the Medicaid program. We will continue to work with you to ensure that Medicaid, our health care safety net, is reliable, secure and provides quality care to our nation's children, poor and elderly.

Thank you for your consideration.

Sincerely,

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