



Liberty Place, Suite 700
325 Seventh Street, NW
Washington, DC 20004-2802
(202) 638-1100 Phone
www.aha.org

March 30, 2007

The Honorable Ron Klein
United States House of Representatives
313 Cannon House Office Building
Washington, DC 20515

Dear Congressman Klein:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, as well as our 37,000 individual members, the American Hospital Association (AHA) would like to express our support for H.R. 1741, which would delay implementation of a proposed rule relating to federal-state financial partnerships under Medicaid and the State Children's Health Insurance Program (SCHIP). In addition, your legislation would prevent the Centers for Medicare & Medicaid Services from working on any rules related to eliminating payments for graduate medical education (GME) under the Medicaid program.

The proposed rule, CMS-2258-P, represents a substantial departure from long-standing Medicaid policy by imposing new restrictions on how states fund their Medicaid programs and further restrictions on how states reimburse hospitals. The rule would limit payments to government providers; redefine public hospitals in such a way as to limit funding for legitimate Medicaid expenditures by safety-net hospitals; and limit state Medicaid and SCHIP financing mechanisms. The agency estimates its changes would result in \$3.87 billion in spending cuts to the Medicaid program over the next five years. If these policy changes are implemented, the nation's health care safety net will unravel, and health care services for millions of our nation's most vulnerable people will be jeopardized.

The administration also proposed using the regulatory process to eliminate Medicaid payments for GME in its fiscal year 2008 budget. Currently, 47 states include indirect medical education or direct GME costs as dollars available for federal match. This proposal would disallow federal funds to be matched with these state funds, reducing payments to the Medicaid program by an estimated \$1.78 billion over five years. These changes would cause major disruptions to the states' Medicaid programs and adversely impact providers and beneficiaries alike.

We look forward to working with you to advance your legislation. Thank you for your attention to this very important matter.

Sincerely,

Rick Pollack
Executive Vice President

