



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

Note: This letter was also sent to Representative Sue Myrick (R-NC).

September 13, 2007

The Honorable Eliot Engel
United States House of Representatives
2161 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Engel:

On behalf of the American Hospital Association (AHA) and our nearly 5,000 member hospitals, health systems, and other health care organizations, and our 37,000 individual members, I am writing to express our strong support for legislation to be introduced by you and Congresswoman Sue Myrick (R-NC). This key legislation would extend for an additional year the moratorium on the Centers for Medicare & Medicaid Services' (CMS) implementation of rules related to the federal-state financial partnership under Medicaid and the State Children's Health Insurance Program (SCHIP) and Medicaid payments related to graduate medical education (GME).

At a time when most states are trying to expand health care coverage to more people, the administration is seeking to reduce Medicaid funding. The final rule issued by CMS on May 29, 2007 (CMS-2258-P), 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 cut \$3.87 billion from Medicaid over the next five years.

The administration also intends to use the regulatory process to eliminate Medicaid payments for GME through its proposed rule (CMS-2279-P) issued on May 23, 2007. Currently, 47 states include indirect medical education (IME) or direct GME costs as dollars available for the federal match. This proposal would no longer allow federal funds to be matched with these state funds, reducing Medicaid funding by an estimated \$1.78 billion over five years.

These changes would cause major disruptions to state Medicaid programs while also hurting care for our nation's most vulnerable people. Congress expressly opposed CMS's proposals by including a one-year moratorium on their implementation as part of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007. It is necessary to extend the moratorium for an additional year to allow Congress more time to assess these significant changes, and we appreciate your introduction of legislation to achieve that goal.



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The solution to Medicaid's problems lies not in harming the people who need it, but in a thoughtful, deliberative reform process that continues the nation's obligation to care for the neediest of our society.

We look forward to working with you to advance your bill, and we thank you again for acting on this very important matter.

Sincerely,

Rick Pollack
Executive Vice President