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February 5, 2009

The Honorable Charles Grassley
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

Dear Senator Grassley:

On behalf the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and our 38,000 individual members, I am writing to voice our support for your amendment, number 387, to the state fiscal relief section of H.R. 1, *The American Recovery and Reinvestment Act of 2009* (ARRA), which would make important improvements in the distribution of the temporary Medicaid federal medical assistance percentage (FMAP) by requiring the states to maintain eligibility, benefits and provider payments.

We have advocated that any temporary FMAP increase include a strong maintenance of effort (MOE) requirement restricting states from reducing eligibility, benefits and provider rates. These conditions are critical because states already have targeted their Medicaid programs, through provider payment freezes or reductions, and benefit and eligibility changes, in a search for budget savings. While both the House and Senate versions of H.R. 1 impose an MOE requirement, it is limited to eligibility changes. We believe it is imperative to extend protections to provider payments and benefits as well, as any further cuts will weaken the already tenuous foundation of the health care safety net, dramatically harming the ability of providers to continue serving our most vulnerable patients.

Thank you for your willingness to offer this important amendment and we look forward to working with you to ensure its passage.

Sincerely,

Rick Pollack
Executive Vice President

