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## 20 National Organizations Send Letter to White House, Congress on Provider Assessments

"Protect critical Medicaid funding from fiscal cliff deal for vulnerable Americans"

**Washington, DC** –Twenty national organizations and associations representing Medicaid recipients and health care providers today sent a letter to the White House and Congress urging that provider assessments be protected from fiscal cliff negotiations.

Led by the American Health Care Association and the National Center for Assisted Living (AHCA/NCAL) and the National Association of Public Hospitals and Health Systems (NAPH), the letter stipulates that reducing or eliminating Medicaid provider assessments would do little to reduce health care costs and only threaten access to quality care for seniors, children, individuals with disabilities and low-income families.

"Provider assessments are a critical tool for states in bridging the gap between what Medicaid funds and what it actually costs to provide care," said Mark Parkinson, President & CEO of AHCA/NCAL. "In skilled nursing centers, Medicaid underfunded providers by \$6 billion when nearly two-thirds of residents rely on the program for their daily care. Tampering with provider assessments puts at risk skilled nursing centers' ability to continue providing access to care for our frail seniors and individuals with disabilities."

"Cutting provider assessments hurts patients," NAPH President and CEO Bruce Siegel, MD, MPH, said. "Congress and the administration must recognize that limiting this crucial funding stream will shift costs onto states – costs that will trickle down to providers and, ultimately, to millions of beneficiaries who rely on Medicaid."

The associations and organizations that signed on to the letter are:

- AARP
- American Congress of Obstetricians and Gynecologists
- American Health Care Association and the National Center for Assisted Living
- American Network of Community Options and Resources
- Association for Community Affiliated Plans
- Catholic Health Association of the United States
- Children's Hospital Association

- Coalition on Human Needs
- Families USA
- The Jewish Federations of North America
- Medicaid Health Plans of America
- National AHEC Organization
- National Association of Community Health Centers
- National Association of Counties
- National Association of Public Hospitals and Health Systems
- National Health Care for the Homeless Council
- National Hispanic Medical Association
- National Rural Health Association
- Service Employees International Union
- United Spinal Association

Provider assessments, also known as quality fees or taxes, allow states to generate additional revenue and federal matching funds for Medicaid to more adequately fund care for patients. These assessments have been used to expand coverage, offer additional benefits and increase reimbursement rates. Recent budget proposals have suggested reducing the provider assessment threshold from 6 percent, or eliminating the program altogether.

A copy of the letter is below and attached.

December 5, 2012

The President The White House Washington, DC 20500

The Honorable John Boehner Speaker United States House of Representatives Washington, DC 20515

The Honorable Mitch McConnell Minority Leader United States Senate Washington, DC 20510 The Honorable Harry Reid Majority Leader United States Senate Washington, DC 20510

The Honorable Nancy Pelosi Minority Leader United States House of Representatives Washington, DC 20515

Dear Mr. President, Speaker Boehner, Sen. Reid, Rep. Pelosi and Sen. McConnell:

On behalf of our organizations, each of whom supports Medicaid-financed services for America's most vulnerable, we urge you to reject any proposals to address the looming "fiscal cliff" which reduce or eliminate Medicaid provider assessments. These proposals do nothing to increase the efficiency of the program and only harm those who rely on Medicaid for access to quality health care and long-term services and supports: the older adults, children, individuals with disabilities, low-income families, and pregnant women.

Health care related assessments, often referred to as provider assessments, quality fees or taxes, are authorized by federal statute<sup>1</sup>, implemented by federal regulation and overseen by the U.S. Department of Health and Human Services. These assessments are a vital resource for states by providing supplemental payments for the

<sup>&</sup>lt;sup>1</sup> Section 1903(w)(3)(A) of the Social Security Act

classes of providers that pay the assessment. Provider assessments also give states the flexibility to increase or avert reductions in Medicaid rates, and finance other areas of Medicaid in order to more adequately subsidize the notoriously underfunded program. These assessments have been used to expand coverage, offer additional benefits and increase reimbursement rates, alleviating those gaps in patient access caused by chronic, insufficient reimbursement.

Given the benefit they bring to Medicaid providers and beneficiaries, these assessments are very common. By 2013, 49 states and the District of Columbia will have at least one provider assessment program. Cutting or eliminating provider assessments while the economy continues to struggle threatens the still fragile state recoveries and the Medicaid safety net program. Reduction or elimination of provider assessments would cause a substantial cost shift onto the states at a time when they still have few resources to buffer such a cut.

Ultimately, we agree that we must find ways to make Medicaid more sustainable over the long-term while addressing the growth of health care costs throughout the system. In the short-term, arbitrary cuts to provider assessments do nothing to achieve programmatic efficiencies or improve quality of care. Instead, such cuts threaten access to care for the 60 million vulnerable Americans on Medicaid including older adults, children, persons with disabilities, low income families, and pregnant women.

There is a better way. We look forward to working with you on this critical issue to ensure our nation's most vulnerable are protected.

Sincerely,

## **AARP**

AARP
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American Health Care Association and the National Center for Assisted Living
American Network of Community Options and Resources
Association for Community Affiliated Plans
Catholic Health Association of the United States
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National Association of Public Hospitals and Health Systems

National Health Care for the Homeless Council

National Hispanic Medical Association

National Rural Health Association

Service Employees International Union

United Spinal Association

CC: Sen. Max Baucus, Chair, Senate Committee on Finance

Rep. Fred Upton, Chair, House Committee on Energy and Commerce

Sen. Orrin Hatch, Ranking Member, Senate Committee on Finance

Rep. Henry Waxman, Ranking Member, House Committee on Energy and Commerce