

# America's Hospitals and Health Systems

March 3, 2004

Budget Committee  
United States Senate  
Washington, DC 20510

Dear Senator:

America's health care providers stand together in strong opposition to reducing funding to the Medicaid program in the Fiscal Year (FY) 2005 Senate budget resolution. Specifically we oppose the "Medicaid Program Integrity" proposal in the President's FY 2005 budget, which proposes generating significant federal savings of \$1.5 billion in FY 2005 and \$9.6 billion over five years through reductions in Medicaid spending.

As you know, states are in fiscal crisis. When state Medicaid budgets are squeezed, as they currently are, state legislatures often look first to provider payment cuts and benefit and eligibility changes as a way to achieve savings. Additional Medicaid cuts at the federal level will further weaken the already tenuous foundation of safety net hospitals, which devote so much of their care to Medicaid beneficiaries and the uninsured. We urge Congress to consider the impact that Medicaid cuts will have on the ability of these safety net hospitals to serve the most vulnerable populations in their communities.

Moreover, states already face reductions in Medicaid support when the \$10 billion in temporary state fiscal relief expires on June 30, 2004. We suggest that Congress consider an extension of Medicaid's federal matching assistance and not cuts to the program.

America's health care safety net depends on Medicaid. We urge you to reject all Medicaid reduction provisions in the FY 2005 budget resolution and protect health care for the nation's poor, elderly and disabled.

Sincerely,

**American Hospital Association  
Association of American Medical Colleges  
Catholic Health Association of the United States  
Federation of American Hospitals  
National Association of Children's Hospitals  
National Association of Public Hospitals and Health Systems**