

## AMERICA'S HOSPITALS AND HEALTH SYSTEMS

April 23, 2007

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

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

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

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

Dear Majority Leader Reid, Speaker Pelosi, and Minority Leaders McConnell and Boehner:

On behalf of the undersigned organizations, we are writing to ask that you protect safety-net providers and patients by assuring that the final supplemental appropriations conference report retains the Senate provision (Section 2705) that would prevent the Centers for Medicare and Medicaid Services (CMS) from moving forward for a two-year period with the proposed Medicaid rule that was released by the Administration on January 18, 2007.

Section 2705 would prevent the Administration from implementing the proposed rule entitled, "Medicaid Program: Cost Limit for Providers Operated by Units of Government and Provisions to Ensure the Integrity of the Federal-State Financial Partnership" [CMS-2258-P]; and the proposed regulatory change in the President's FY 2008 budget related to Medicaid payments for graduate medical education.

The proposed rule CMS-2258-P explicitly targets public and other safety-net hospitals by imposing sweeping funding cuts that will force these hospitals to eliminate vital services for patients, thus jeopardizing care for millions of needy Americans with no other place to turn for their health care services. Our hospitals fulfill a unique and critical role in the health care system by providing high intensity services – such as trauma, neonatal intensive care, and burn care – to the entire community while also ensuring that Medicaid recipients and the uninsured have access to all medical services.

Other providers as well as the states themselves would be hurt by the proposed rule. Medicaid revenues, and in particular Medicaid supplemental payments, are a crucial source of funding for nursing homes, intermediate care facilities, and school-based clinics. Additionally, this rule would restrict the ability and flexibility of states to support the safety-net by limiting how states finance the Medicaid program. States will be left with significant shortfalls in state budgets that will force them to cut services to vulnerable populations or impose taxes to make up for the losses.

Our organizations share the goal of assuring fiscal integrity in the Medicaid program, but the proposed rule goes far beyond what is needed for that purpose and will cause significant harm to providers and patients. We firmly believe that the proposed rule would undermine the already fragile viability of the nation's health care safety net and reduce or eliminate access to health care services for millions of low-income individuals and to the community at large. Section 2705 would preserve Congress' authority over major policy changes to the Medicaid program, to be considered in a deliberate and appropriate manner.

We urge you to retain Section 2705 in the final supplemental conference report and prevent CMS from implementing the proposed Medicaid rule CMS-225-P for a two-year period and halt development of the proposal to eliminate graduate medical education funding in order to protect safety net hospitals and their vulnerable patient populations.

Sincerely,

American Hospital Association  
Association of American Medical Colleges  
Federation of American Hospitals  
National Association of Children's Hospitals  
National Association of Public Hospitals and Health Systems  
Premier