



March 12, 2008

The Honorable Kent Conrad
Chairman, Senate Budget Committee
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Conrad:

We, the undersigned hospital organizations, write to express our strong opposition to an amendment scheduled to be offered by Senator Charles Grassley during floor debate of the fiscal year 2009 Senate Budget Resolution, S. Con. Res. 70.

This amendment would place new restrictions on the use of the Medicaid reserve funds currently contained in S. Con. Res 70. The current Medicaid language allows Congress the budgetary flexibility it needs to address concerns related to several complicated Medicaid regulations and policies issued by the administration. The Grassley amendment, by restricting the reserve fund, would significantly limit this flexibility by tying the use of the funds to legislation that only amends Medicaid law to clarify the following: the appropriate uses of federal funds to public Medicaid providers; the appropriate methodologies states can use to bill the federal government for graduate medical education; the appropriate use of rehabilitation services by states; the appropriate billing methodologies for school-based administration and transportation; and the appropriate use of case-management services. Furthermore, it would mandate that any delays in regulations be coupled with legislative changes.

As a result, Congress may not have the time it needs to consider thorough policy changes to the administration's many Medicaid regulatory proposals. Congress should have the option to halt the administration's regulations in order to protect Medicaid beneficiaries and state governments without the requirement of legislative changes. Nothing in the existing language in the budget resolution prevents Congress from modifying Medicaid policy to address these issues. Senator Grassley's approach, however, would mean the administration's regulations would stand until and unless the Congress can agree on specific revisions to Medicaid law dealing with these complex issues. We believe that this is the wrong approach to protecting Medicaid beneficiaries.

The Honorable Kent Conrad

March 12, 2008

Page 2

The only way to protect the Medicaid program and the people it serves is to soundly reject this amendment and allow the current budget resolution language on the reserve fund to stand.

Sincerely,

American Hospital Association

Association of American Medical Colleges

National Association of Public Hospitals and Health Systems

National Association of Children's Hospitals