

March 30, 2016

The Honorable Paul Ryan
Speaker
United States House of Representatives
Washington, DC 20515

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

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

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

Dear Speaker Ryan, Sen. McConnell, Rep. Pelosi, and Sen. Reid:

On behalf of our respective organizations that support Medicaid-financed services for America's most vulnerable, we urge you to reject any proposals which would cut or eliminate Medicaid provider taxes.

Health care related taxes, often referred to as provider taxes, fees or assessments, are authorized by federal statute (Section 1903(w)(3)(A) of the Social Security Act), implemented by federal regulation and are overseen by the U.S. Department of Health and Human Services. These taxes can be used by states to increase or avert reductions in Medicaid rates and finance other areas of the Medicaid program.

Forty-nine states and the District of Columbia have at least one provider tax program in place. Cutting or eliminating provider taxes is a substantial cost shift to states which will threaten the Medicaid safety net program. It also undermines state flexibility to administer the Medicaid program.

We stand ready to work with policymakers to identify new and innovative strategies to strengthen Medicaid that will enable the program to continually improve on its promise to provide high-quality coverage and access to care for vulnerable populations. However, short term, arbitrary cuts to provider taxes do nothing to achieve programmatic efficiencies or improve quality. Instead, such cuts threaten access to care for millions of Medicaid beneficiaries including older adults, children, pregnant women, persons with disabilities, and low income families.

There is a better way. We look forward to working with you on this critical issue.

Sincerely,

America's Essential Hospitals
America's Network of Community Options and Resources
American Congress of Obstetricians and Gynecologists

American Health Care Association and the National Center for Assisted Living
Association for Community Affiliated Plans
Children's Hospital Association
Families USA
The Jewish Federations of North America
National Association of Community Health Centers
National Association of Counties
National Council for Behavioral Health
National Health Care for the Homeless Council
Service Employees International Union

CC: Sen. Orrin Hatch, Chair, Senate Committee on Finance
Rep. Fred Upton, Chair, House Committee on Energy and Commerce
Sen. Ron Wyden, Ranking Member, Senate Committee on Finance
Rep. Frank Pallone, Ranking Member, House Committee on Energy and Commerce