

Safety-Net Association of Pennsylvania

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March 2, 2010

The Honorable Robert P. Casey
393 Russell Senate Office Building
Washington, DC 20510

Dear Senator Casey:

I am writing on behalf of the Safety-Net Association of Pennsylvania to urge you to work to secure a six-month extension of the increase in the federal Medical Assistance percentage (FMAP) that was such a vital and successful part of the American Recovery and Reinvestment Act of 2009 (ARRA).

The purpose of the original FMAP increase in the ARRA bill was to provide additional resources to state governments at a time when their ability to generate their usual level of revenue was greatly compromised by the troubled national economy. This additional FMAP money truly made a difference in Pennsylvania, helping to minimize – although not complete avoid – the state's cuts in Medicaid spending and also helping to preserve the state's health care safety net at a time when Pennsylvania faced serious financial challenges and it appeared entirely possible that it might not be able to meet its financial obligations to the safety-net hospitals that are the providers of last resort for the three million Pennsylvanians who either are enrolled in Medicaid or are uninsured.

Unfortunately, the economy has not recovered to the extent envisioned when the ARRA was passed more than a year ago and Pennsylvania is still struggling financially. In the budget that Governor Rendell proposed last month, he called for considerable cuts in Medicaid payments to hospitals. Those proposed cuts would have been much greater if he had not assumed a six-month extension of FMAP funds and included \$850 million in such funds in his proposed Medicaid budget.

Today, Pennsylvania continues to face serious budget problems, and it is now clear that the loss of the additional FMAP funds would be disastrous, leaving an \$850 million hole in the state's Medicaid budget that would jeopardize access to care for hundreds of thousands of low-income Pennsylvanians and jeopardize the financial health of the safety-net hospitals that provide so much of that care.

For these reasons, we hope you will work to extend the additional FMAP for six more months, thereby ensuring the continued ability of Pennsylvania's Medicaid program, and the private safety-net hospitals on which it so heavily depend, to meet the health care needs of three million of our fellow Pennsylvanians.

I appreciate your consideration of this request and welcome any questions you may have about the Safety-Net Association of Pennsylvania or our position on this most important issue.

Sincerely,

Michael Chirieleison
President