













July 10, 2020

The Honorable Mitch McConnell Majority Leader, United States Senate U.S. Capitol Building, Room S-230 Washington, DC 20510

The Honorable Nancy Pelosi Speaker of the House, United States House of Representatives U.S. Capitol Building Washington, DC 20515

The Honorable Chuck Schumer Minority Leader, United States Senate U.S. Capitol Building, Room S-224 Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, United States House of
Representatives
U.S. Capitol Building
Washington, DC 20515

We write today to advocate on behalf of states, territories, counties, cities and towns in support of an enhanced federal medical assistance percentage (FMAP) for the Medicaid program in the next bipartisan COVID relief bill.

We appreciate Congress and the Administration moving quickly to provide a 6.2 percentage point FMAP increase in the Families First Coronavirus Response Act (P.L. 116-127) and making these funds available to states from January 1, 2020 through the quarter in which the public health emergency period ends. Given the magnitude of both the public health and economic crises the nation continues to face, state and local governments need more support to provide health care services to individuals and families. We urge Congress to provide an additional FMAP increase of at least 5.8 percentage points, be retroactive to January 1, 2020, and remain until September 30, 2021, regardless of unemployment conditions. After September 30, 2021, the 12 percent FMAP increase should not be reduced until the national unemployment rate falls below 5 percent. In addition, we request additional FMAP increases be determined based on the increase in a state's unemployment rate.

Healthcare is inextricably linked to economic recovery from the COVID-19 pandemic. According to the U.S. Bureau of Labor Statistics, more than 40 million Americans have filed for unemployment benefits in the past 10 weeks. When someone loses their job, they often will also lose employer-based health coverage. Studies of past recessions have found that a growth in the unemployment rate results in a substantial increase in Medicaid enrollment; at the same time, state revenues decline. The Government Accountability Office (GAO) reported that during the Great Recession, the unemployment rate grew from 5 to 9.5 percent, while Medicaid enrollment rose by 9.7 percent — adding nearly 4.3 million enrollees to the program. There is ample precedent for Congress acting during economic downturns to temporarily increase the FMAP, including increasing the FMAP by nearly 12 percentage points a decade ago.

According to the National Association of State Budget Officers (NASBO), in fiscal year 2019 Medicaid was the largest expenditure for states, accounting for nearly 29 percent of total spending from all funds. The COVID-19 pandemic is drastically shrinking state and local revenue with most states experiencing a budget shortfall ranging between 5 and 20 percent. Even states with a lower shortfall will be challenged to provide adequate healthcare services to their residents. This leaves state and local leaders with tough choices to balance their budgets while responding to a pandemic.

For example, Georgia's enacted budget included a 10 percent budget cut across the board. Florida's state Medicaid program grew by nearly 8 percent between February and May and it is estimated this could blow a \$1 billion hole in the state's budget for the 2020-2021 fiscal year, which began July 1. Ohio has seen an increase of 140,000 additional Ohioans enrolled in Medicaid in April alone, which now covers about 1 in 4 residents. In 2012, 46 states cut rates for some health care providers, long after the official end of the Great Recession.

Additionally, we urge that the proposed Medicaid Fiscal Accountability Rule be rescinded. We believe this rule would reduce the ability of states and localities to finance the non-federal share of Medicaid, resulting in a reduction in federal Medicaid funding for the public health and hospital systems and destabilizing them at a time when healthcare and public health services are needed most. As stakeholders in the Medicaid program we are happy to engage with you and the Administration on other ways to increase transparency in Medicaid financing.

Thank you in advance for your consideration. We look forward to working with you to ensure that Americans have access to critical, often life-saving, health care.

Sincerely,

Alabama Hospital Association

Alliance for Early Success

America's Health Insurance Plans (AHIP)

America's Essential Hospitals

American Academy of Family Physicians

American Academy of Pediatrics

American Association of Nurse Practitioners

American Cancer Society Cancer Action Network

American College of Obstetricians and Gynecologists

American Federation of State, County and Municipal Employees

American Health Care Association (AHCA)

American Kidney Fund

American Lung Association

American Medical Association (AMA)

American Physical Therapy Association

American Thoracic Society

Anthem

Arizona Hospital and Healthcare Association

Association for Behavioral Health and Wellness

Association of American Medical Colleges (AAMC)

Association of Minnesota Counties

Asthma and Allergy Foundation of America

Blue Cross Blue Shield Association

California Association of Public Hospitals and Health Systems

California Dental Association

California Hospital Association

California Medical Association

California State Association of Counties

Centene Corporation

Children's Defense Fund

Children's Hospital Association

Children's Hospital of Philadelphia

Colorado Hospital Association

Community Affiliated Plans

Community Health Systems (CHSPSC, LLC)

Council of Florida Medical School Deans

County Welfare Directors Association of California

CVS Health

Dexcom

DHR Health

Epilepsy Foundation

Esri, Inc.

Families USA

Family Voices

Federation of American Hospitals

First Focus Campaign for Children

Florida Medical Association

Greater New York Hospital Association

HCA Healthcare

Healthcare Association of New York State

Hospital and Healthsystem Association of Pennsylvania

Idaho Hospital Association

Illinois Health and Hospital Association

Illinois State Association of Counties (ISACo)

International City/County Management Association

LeadingAge

LifePoint Health

Massachusetts Medical Society

MAXIMUS

Medicaid Health Plans of America (MHPA)

Medical Association of Georgia

Medical Society State of New York

Michigan Health & Hospital Association

Molina Healthcare

National Alliance for Medicaid in Education (NAME)

National Alliance on Mental Illness

National Alliance to Advance Adolescent Health

National Association for Behavioral Healthcare

National Association of Community Health Centers (NACHC)

National Association of Counties

National Association of County Human Services Administrators

National Association of Pediatric Nurse Practitioners

National Association of State Budget Officers

National Conference of State Legislatures

National Council on Aging

National Governors Association

National Health Law Program

National League for Nursing

National League of Cities

North Carolina Healthcare Association

North Carolina Medical Society

Nurse-Family Partnership

Physician's Advocacy Institute

Premier healthcare alliance

Providence St. Joseph Health

Rural Hospital Coalition

Safety Net Hospital Alliance of Florida

School-Based Health Alliance

Service Employees International Union (SEIU)

South Carolina Hospital Association

Tennessee Hospital Association

Texas Essential Healthcare Partnerships (TEHP)

Texas Hospital Association

Texas Medical Association

Texas Organization of Rural and Community Hospitals (TORCH)

The Arc of the United States

The Catholic Health Association of the United States

The Council of State Governments

The Jewish Federations of North America

The U.S. Conference of Mayors

United University Professions

United Way Worldwide

Universal Health Services, Inc.

Utah Hospital Association

Vizient, Inc.

Washington State Hospital Association

Wisconsin Hospital Association