



National Association of State Medicaid Directors

an affiliate of the American Public Human Services Association

January 16, 2010

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

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

Dear Leader Reid and Madam Speaker:

As you are aware, the American Recovery and Reinvestment Act (ARRA) provided \$87 billion in fiscal relief to states and localities through an increase in Medicaid assistance (FMAP). This relief has helped stabilize the state budgets and protected the Medicaid programs from having to implement cuts because of budget shortfalls. This temporary assistance is essential and necessary particularly at a time when the state Medicaid programs are further being called upon to assist those individuals who have lost their jobs during the recession and the economic downturn.

The additional FMAP assistance provided under ARRA is scheduled to expire on December 31, 2010. Unfortunately, states continue to face shortfalls totaling \$140 billion in fiscal year 2011. Most states, unlike the federal government, begin their fiscal year in July, which means states are already being forced to plan spending cuts and tax increases for FY 2011. Many states have already announced plans to decrease funding to safety-net providers and scale back Medicaid coverage if the ARRA fiscal relief is not extended.

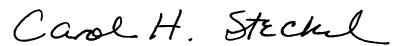
Moreover, these planned cuts are occurring on the eve of the passage of the health care reform legislation, which will place additional pressure on the states' Medicaid programs. The additional costs to the Medicaid program resulting from increased eligibility, increased program costs, and increased administrative costs brought on by the requirements of Health Reform may prove to be devastating to the State budgets and their Medicaid programs.

We urge you to act now and include an expansion of the additional FMAP assistance provided under ARRA within the Health Reform legislation for at least six months. These additional dollars will help the states stabilize and maintain Medicaid as the state economies move toward recovery and the states prepare for Health Care Reform.

Page 2 – The Honorable Harry Reid and The Honorable Nancy Pelosi

Thank you for your consideration and we look forward to working with you on this and additional measures related to Medicaid and Health Care Reform.

Sincerely,

A handwritten signature in cursive script that reads "Carol H. Steckel".

Carol H. Steckel
Executive Committee Chairperson

cc: Nancy Ann DeParle