

Thomas L. Johnson
PRESIDENT AND CEO

February 18, 2010



The Honorable Harry Reid
Senate Majority Leader
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232 The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
361-A Russell Senate Office Building
Washington, DC 20510

The Honorable John Boehner
House Minority Leader
H-204 The Capitol
Washington, DC 20515

Dear Majority Leader Reid, Speaker Pelosi, Senator McConnell, and Mr. Boehner,

We write in support of an extension of the state Medicaid assistance provided in the American Recovery and Reinvestment Act (ARRA) of at least six additional months to June 30, 2011. Extending the FMAP for six additional months was in the President's Budget, and has the support of the National Governors Association and the National Conference of State Legislators, as well as hundreds of provider and advocacy groups.

Aid to states is an important component of a jobs strategy and has an immediate impact on the economy. Economist Mark Zandi estimates that every dollar in federal Medicaid aid results in \$1.41 in increased economic activity, which translates into jobs and stronger economic growth nationwide. Further temporary assistance would help prevent job losses and generate additional jobs. Some estimate that without additional fiscal relief, states would take actions to close budget deficits that could result in a loss of 900,000 jobs.

While the national economy is showing signs of recovery, economists and experts on state budgets are predicting that 2011 will be the toughest year for states stemming from the current economic crisis. Yet the temporary Medicaid relief provided in ARRA is set to expire on December 31, 2010. With state budget officers and state legislatures planning now for State Fiscal Year 2011, now is a critical time for Congress to act. Without a clear signal from Congress, states will take actions to raise taxes or cut Medicaid spending that could be detrimental to low-income beneficiaries in the program and our economic recovery.

Some of the cost of additional temporary FMAP assistance could be offset by extending the Medicaid Prescription Drug Rebate Program to states for their Medicaid managed care programs, generating more than \$8 billion in federal savings over ten years according to the CBO. We also recommend that if prompt payment conditions remain, health plans should be added to the list of entities the states are required to pay timely. On behalf of health plans that partner with states to provide benefits to more than half of all Medicaid beneficiaries, we thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads 'Thomas L. Johnson'.

Thomas L. Johnson
President & CEO