



December 7, 2001

The Honorable Sherrod Brown
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Brown:

I am writing on behalf of the National Association of Public Hospitals & Health Systems (NAPH) to express our support for H.R. 3414, the State Budget Relief Act of 2001. NAPH represents approximately 100 hospitals and health systems in metropolitan areas across the country that provide care to low-income and uninsured patients. NAPH hospital systems provide unique specialized services needed by their entire communities, including trauma and emergency care, burn care, neonatal and pediatric intensive care, and public health. As safety net institutions, NAPH hospital systems are extremely dependent on Medicaid payments. Over 35 percent of the patients served by NAPH systems are Medicaid recipients and another 28 percent are uninsured. Medicaid payments comprise nearly 40 percent of the net revenues of NAPH hospitals.

Given the impact of the current economic downturn and the events of September 11 on state budgets, NAPH supports congressional action to prevent cuts in the Medicaid program. The State Budget Relief Act, by temporarily increasing the FMAP for states that do not restrict Medicaid eligibility, provides an important incentive for states to ensure the continued availability of Medicaid coverage. NAPH is disappointed that disproportionate share hospital (DSH) payments, which help ensure health care for individuals without insurance, are excluded from the FMAP increase. In addition, we hope you will support other legislative efforts to preserve the safety net during this time of economic distress, and in particular that you will endorse and cosponsor legislation to protect and preserve the higher Medicaid upper payment limit applicable to non-state public hospitals.

We are pleased to extend our support. We look forward to continuing to work with you on these and other issues of importance to preserving our Nation's health care safety net.

Sincerely,

Larry S. Gage
President