



December 19, 2012

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC

The Honorable Harry Reid
Majority Leader
US Senate
Washington, DC 20510-7020

The Honorable Mitch McConnell
Minority Leader
US Senate
Washington, D.C. 20510-7010

The Honorable John Boehner
Speaker
US House of Representatives
Washington, DC 20515-6501

The Honorable Nancy Pelosi
Minority Leader
US House of Representatives
Washington, DC 20515-6501

Dear President Obama, Majority Leader Reid, Minority Leader McConnell, Speaker Boehner, and Minority Leader Pelosi:

Thank you for working in partnership with governors and allowing us to inform your dialogue around solving the nation's budget challenges and avoiding the fiscal cliff. As you continue negotiations on this matter, I want to renew my support for the current federal framework for Medicaid provider assessments, which are instrumental in preserving access to high quality care in our nation's skilled nursing facilities (SNFs).

Over 40 states now utilize Medicaid provider assessments, charged against the nursing home industry, to generate revenue that is used to appropriately compensate SNFs for the care they deliver. These assessments have become instrumental in preserving access to high quality care, particularly in the face of recent dramatic rate cuts imposed by the Medicare program on these providers.

Now, more than ever, SNFs depend on stable and appropriate Medicaid financing not only to retain high staffing ratios of direct caregivers (such as nurses and nursing aides) to residents, but also to ensure that providers may remain open and stable in the face of cuts made by other payers. As a result, the provider assessments, which are a necessary component of state Medicaid financing to SNFs, are essential.

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To provide additional context, currently over 80 percent of all SNF residents in the country depend on Medicare or Medicaid financing for their care. Moreover, over 70 percent of all SNF expenses relate directly to labor costs, especially to support the direct care provided to residents. Any threat to the financing in SNFs would directly jeopardize patient care.

Recent federal budget proposals have proposed reducing the maximum 6 percent provider assessment safe harbor to a lower figure, such as 5.5 to 3.5 percent. Should this occur, care would be compromised.

We can all agree the provider assessment program is not a long term funding solution, and we are committed to working with you to find a more permanent solution to the federal government's budget challenge. However, reducing Medicaid provider assessments is not the right approach now.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark R. Warner". The signature is fluid and cursive, with a large initial "M" and "W".

Governor