



December 10, 2012

As advocates deeply committed to the delivery of quality, affordable care to low-income Coloradans, we are concerned by recent proposals to cap, reduce or eliminate federal participation in Medicaid provider assessments or fees. Provider fee cuts are another name for Medicaid cuts, and this action would harm tens of thousands of Coloradans, especially children, the poor and the disabled, who rely upon this vital program.

Revenue in Colorado has lagged for several years now, and safety net health care services continue to suffer from a lack of funding. Since 2009, however, Colorado has been able to enroll 66,000 previously uninsured adults and children in Medicaid through Colorado's hospital provider fee, which has consistently had strong bipartisan support and backing from a diverse set of stakeholders across our state.

Colorado's hospital provider fee program is unique among Medicaid provider fees nationally in that revenue generated by the fee on hospitals in our state supports both increased reimbursements to hospitals and expanded enrollment in Medicaid. The provider fee allowed Colorado to expand Medicaid to populations that will become eligible for coverage in 2014 under the Affordable Care Act. As such, it is a critical part of Colorado's public health care financing structure and will be an essential factor in the state's ability to fully implement the new Medicaid program required by federal health reform.

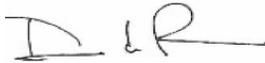
In addition to supporting populations to be served by Medicaid, the provider fee has made it more financially sustainable for Colorado hospitals to continue to provide cost-effective, quality care to our poorest citizens, at a time when providers nationwide have begun refusing to accept Medicaid patients due to chronic underpayment. In many of Colorado's rural communities, where hospitals are often the only health care providers for dozens or even hundreds of miles, the assessment program has helped ensure affordable access to health care where none previously existed.

Colorado's hospital provider fee also works to reduce the cost shift that occurs when safety net providers pass costs not covered by public assistance programs on to private payors. In the first year of the program, Colorado hospitals reduced levels of uncompensated care by \$200 million statewide, proving that the provider fee is a significant and successful means of health care cost containment. A new analysis from the American Hospital Association shows that eliminating the program would quickly raise private insurance premiums by as much as five percent in Colorado, resulting in an annual increase in premium costs of up to \$822 per family. Burdening

private payors (business owners and their employees, as well as individuals) with such significant cost increases would cause significant damage to our state's recovering economy, and further erode coverage in the private market.

For these reasons, Colorado's hospital provider fee should be celebrated, not eliminated. Ending the Medicaid provider fee program will not result in real savings—and, in fact, could reverse many years of tangible savings to the state, taxpayers and communities. Thousands of your constituents would face decreased access to vital health care services, and Coloradans with private insurance will again be asked to pick up more of the tab.

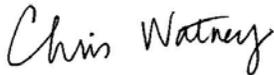
For all those reasons, we urge you to maintain funding for Medicaid provider fee programs or find a way to exempt Colorado's hospital provider fee from elimination or capping.



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