



February 10, 2020

The Honorable Mike Parson
Governor of the State of Missouri
Missouri State Capitol
201 West Capitol Avenue, Room 216
Jefferson City, MO 65101-1556

Dear Governor Parson:

The undersigned organizations are deeply troubled by the Centers for Medicare & Medicaid Services' proposed amendments to the Code of Federal Regulations entitled Medicaid Program; Medicaid Fiscal Accountability Regulation (MFAR) because they threaten both the State budget as well as the ability of health care providers in Missouri to continue to provide needed quality care.

Our most serious concern is with the proposal's new requirements for state provider taxes. The providers represented by each of our groups pays provider taxes levied under Missouri state law. Since the first of our Missouri provider taxes took effect in 1992, our members have relied on private arrangements negotiated by, between and among provider groups to help manage the challenges of a state provider tax. These arrangements have fully complied with federal standards for decades. State government is not involved with these arrangements.

MFAR would give CMS an open-ended authorization to invalidate these voluntary private arrangements based on the agency's interpretation of an undefined term "totality of circumstances." If implemented, the regulation would jeopardize Missouri's continued eligibility for use of these provider taxes. This would harm Missouri nursing homes, hospitals, pharmacy and emergency medical services providers.

Through MFAR, CMS attempts to impose restrictions on health care-related taxes that exceed its statutory authority. CMS also proposes to reduce supplemental payments to practitioners. These are only a few of the many changes that MFAR implicates, but these are the ones that most concern us.

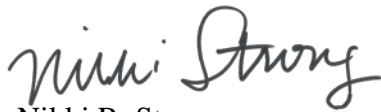
Collectively, these provisions would result in crippling reductions in Medicaid funding to the state of Missouri, putting approximately \$2.036 billion of Missouri's budget at risk. Missouri does not have surplus funds to spend on Medicaid services if this money is lost from its budget. Consequently, if MFAR is adopted as is, states only will have three options: **(1) cut services; (2) cut rates; and/or (3) raise taxes.** None of these would result in a good outcome for Missouri or its citizens.

As such, the resulting reductions in Medicaid reimbursement and services, will create reductions in needed funding for providers and access for patients. Providers, especially rural providers, will struggle to meet their financial obligations. Employees will be laid off. Providers will close. Providers will continue to opt out of Medicaid. Patient access to care will continue to decrease threatening Missouri's ability to comply with other Medicaid requirements. Patients will become sicker and, ultimately, increase Medicaid costs when they appear in hospital emergency departments for primary care or in distress for a chronic condition that has gone untreated, driving up costs across the health care delivery system. Most importantly, it would undermine the funding that supports health care services for Missouri's 850,000 Medicaid enrollees putting these Missourians at risk of losing these important services.

For these reasons, the undersigned organizations have submitted comment letters to CMS. A copy of each is attached. We have requested that CMS withdraw the proposed rule and provide true clarity on the arrangements that CMS believes may violate federal law consistent with applicable statutes.

We are writing to encourage you to reach out to CMS and the administration to share your concerns over the detrimental impact the implementation of MFAR would have on the State of Missouri. If you would like more information, please contact us.

Sincerely,



Nikki R. Strong
Executive Director
Missouri Health Care Association



Jason White
President
Missouri EMS Agent Corporation



Ron L. Fitzwater
Chief Executive Officer
Missouri Pharmacy Association



Daniel Landon
Sr. Vice President of Governmental Relations
Missouri Hospital Association

attachments