

POLICY POSITION

SUPPORT OF MEDICAID PROVIDER TAXES AND DONATIONS

BACKGROUND

The federal-state Medicaid partnership provides health care services to more than 27 million poor Americans. At the same time, Medicaid costs are increasing at twice the rate of general inflation. Furthermore, the U. S. Congress mandates that all states provide an increasing array of services. A majority of states rely on health care provider contributions and taxes to finance, in part, the state share of Medicaid costs.

States have constitutional authority to determine state taxing policy, and the Omnibus Budget Reconciliation Act of 1990 grants states statutory authority to use voluntary contributions, provider-specific taxes and intergovernmental transfers. States will continue to need sufficient intergovernmental transfers. States will continue to need sufficient flexibility to address and fund federal changes to the Medicaid program.

RECOMMENDATION

The Southern Legislative Conferences call on the U. S. Department of Health and Human Services to rescind regulations limiting federal matching payments on provider taxes and donations. The federal government should not restrict the states' right to finance their Medicaid programs in the manner most appropriate to the states, nor should the federal government dictate the states' use of these funds. However, Congress should take action to ensure that its legislative intent is carried out.

Adopted by the Southern Legislative Conference, August 11, 1992, Miami Beach, Florida.

Sponsored by: Delegate Jay DeBoer, Virginia

SO-92-PP8