

June 8, 2010

The Honorable Harry Reid
Senate Majority Leader
United States Senate

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate

Dear Senators Reid and McConnell:

We are writing to ask you to include a six-month extension (through June 30, 2011) of the increased federal medical assistance percentage (FMAP), provided in the American Recovery and Reinvestment Act, to a manager's amendment of H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010 (tax extenders), or as stand-alone legislation in the coming weeks.

The current FMAP increases will expire at the end of this calendar year. While the U.S. economy has shown positive signs of recovering, state finances are expected to continue to suffer at least two more years, with state budget deficits approaching \$180 billion. Therefore, continued federal assistance to states at this time is critical as the recession has driven many Americans out of work, increasing reliance on state Medicaid programs.

As you know, states are currently in the process of finalizing their FY2011 budgets. Without action by Congress, states will likely be forced to make further cuts to Medicaid and other programs, which could reduce access to critical healthcare products and services including prescription medications and related pharmacist services, as well as increased taxes to meet their balanced budget requirements. These actions will create a further drag on the economy and may result in additional job loss.

We strongly believe that extending the current FMAP increases as part of the tax extenders legislation or as stand-alone legislation is critical to serving the healthcare needs of some of our most vulnerable citizens, and to assist states grappling with enormous budget challenges.

Thank you for your consideration to our views.

American Pharmacists Association

Food Marketing Institute

National Association of Chain Drug Stores

National Alliance of State Pharmacy Associations

National Community Pharmacists Association

cc: Senator Max Baucus, Chairman, Finance Committee
Senator Chuck Grassley, Ranking Member, Finance Committee