

Congress of the United States
Washington, DC 20515

January 19, 2011

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20101

The Honorable Jacob J. Lew
Director
Office of Management and Budget
1650 Pennsylvania Avenue, NW
Washington, DC 20503

Dear Secretary Sebelius and Director Lew:

We urge you to swiftly review and approve New York State's request for a three-year extension of the Federal-State Health Reform Partnership (F-SHRP) waiver under Section 1115 (e) of the Social Security Act. The five-year term of the F-SHRP waiver is due to expire on September 30, 2011. The New York State Department of Health (DOH), on behalf of the state, requested this extension on September 30, 2010.

The extension would not require additional federal funds, but simply provide the state with authority to use the federal funds already committed under the waiver. In fact, it is expected that full implementation of all F-SHRP programs will result in Medicaid savings to both the state and federal government. An extension of F-SHRP would allow hundreds of reform and restructuring projects to be completed, including job-creating capital projects throughout the state.

Through the F-SHRP waiver, New York State has been empowered to implement significant reform to the health care system including long-overdue and necessary modernization of the state's health care infrastructure. Further, F-SHRP has increased access to patient care, while improving the quality of care through the establishment of medical homes. As a condition of the waiver, the state has consistently met annual goals to reduce Medicaid fraud and abuse.

Beginning in 2006 and continuing through 2010, New York State made grant awards of approximately \$2.5 billion in state and federal funds to finance more than 470 projects. These awards are providing necessary financial support to help facilities undertake major projects, including developing supportive housing options as alternatives to nursing homes, revamping behavioral health services to better integrate medical and mental health care, and assisting facilities in developing health information technology interfaces to help coordinate care for patients with multiple chronic conditions. Many hospitals also are in the process of using these funds to help finance major projects to improve efficiency and expand access, including developing new primary care clinics and shifting inpatient beds to outpatient space.

While the funds have been committed to all of these worthy and complex projects, final completion of 350 of them may not occur before the current expiration of the F-SHRP waiver.

Facilities that responded in good faith to the federal and state calls for reform will need additional time to carry out these transformations. The procedures put in place to establish and oversee numerous grant programs, some of which require institutions to clear additional administrative conditions, help ensure the integrity of each awardee's application, yet require a generous timeline.

As the continuation of F-SHRP becomes increasingly uncertain, many facilities in early stages of their projects are reconsidering moving ahead, further endangering the job-creating capital projects and long-term reform that will help build a more efficient and cost-effective health care system.

We believe New York State's request for an F-SHRP extension is imperative and should be reviewed and approved expeditiously. We look forward to working with you on this issue.

Sincerely,



CHARLES SCHUMER
United States Senator



KIRSTEN GILLIBRAND
United States Senator



PETER KING
Member of Congress



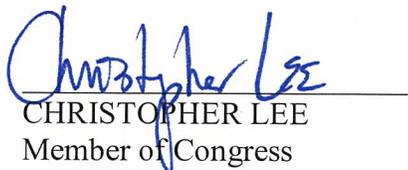
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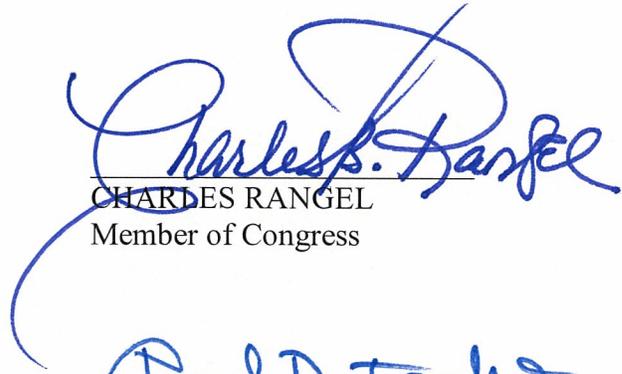
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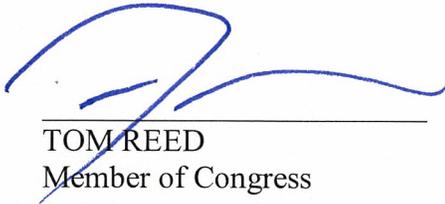
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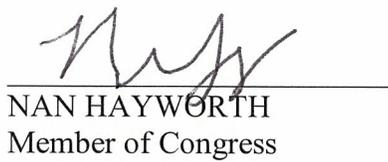
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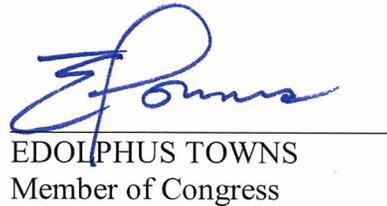
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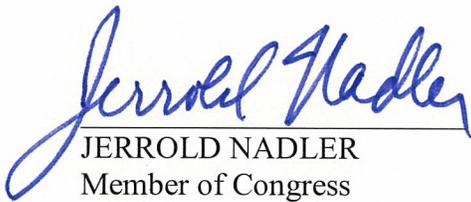
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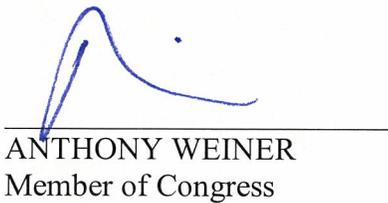
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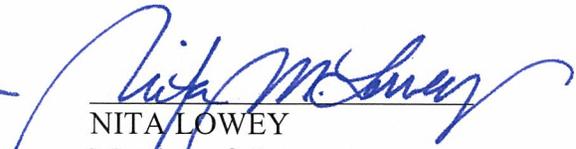


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