

February 7, 2011

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Sebelius;

Many of us believe the Patient Protection and Affordable Care Act (PPACA) should be repealed by Congress if the courts do not strike it down first. But, with no assurance of either outcome, we face the decision of whether to participate in the bill by operating state exchanges, or to let the federal government take on that task, if the bill remains in effect in 2014.

In addition to its constitutional infringements, we believe the system proposed by the PPACA is seriously flawed, favors dependency over personal responsibility, and will ultimately destroy the private insurance market. Because of this, we do not wish to be the federal government's agents in this policy in its present form.

We wish states had been given more opportunity to provide input when the PPACA was being drafted. We believe in its current form the law will force our health care system down a path sure to lead to higher costs and the disruption or discontinuation of millions of Americans' insurance plans. Though we still have grave concerns with other provisions of the PPACA, we suggest the following improvements:

- Provide states with complete flexibility on operating the exchange, most importantly the freedom to decide which licensed insurers are permitted to offer their products
- Waive the bill's costly mandates and grant states the authority to choose benefit rules that meet the specific needs of their citizens.
- Waive the provisions that discriminate against consumer-driven health plans, such as health savings accounts (HSA's)

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- Provide blanket discretion to individual states if they chose to move non-disabled Medicaid beneficiaries into the exchanges for their insurance coverage without the need of further HHS approval.
- Deliver a comprehensive plan for verifying incomes and subsidy amounts for exchange participants that is not an unfunded mandate but rather fully funded by the federal government and is certified as workable by an independent auditor.
- Commission a new and objective assessment of how many people will end up in the exchanges and on Medicaid in every state as a result of the legislation (including those "offloaded" by employers), and at what potential cost to state governments. The study must be conducted by a neutral third-party research organization agreed to by the states represented in this letter.

We hope the Administration will accommodate our states' individual circumstances and needs, as we believe the PPACA in its current form threatens to destroy our budgets and perpetuate and magnify the most costly aspects of our health care system. While we hope for your endorsement, if you do not agree, we will move forward with our own efforts regardless and HHS should begin making plans to run exchanges under its own auspices.

Sincerely,



Governor Robert J. Bentley
Alabama



Governor Nathan Deal
Georgia



Governor C.L. "Butch" Otter
Idaho



Governor Mitch Daniels
Indiana



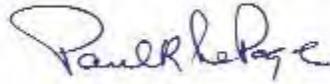
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Kansas



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Ohio



Governor Mary Fallin
Oklahoma



Governor Tom Corbett
Pennsylvania



Governor Nikki Haley
South Carolina



Governor Dennis Daugaard
South Dakota



Governor Bill Haslam
Tennessee

Handwritten signature of Rick Perry in black ink.

Governor Rick Perry
Texas

Handwritten signature of Gary R. Herbert in black ink.

Governor Gary R. Herbert
Utah

Handwritten signature of Scott Walker in black ink.

Governor Scott Walker
Wisconsin