



STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

Michael R. Pence  
Governor

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January 16, 2014

Representative Ed Delaney  
Ranking Minority Member, House Insurance Committee  
200 W. Washington Street  
Indianapolis, IN 46204

Representative Charlie Brown  
Ranking Minority Member, House Public Health Committee  
200 W. Washington Street  
Indianapolis, IN 46204

Dear Representatives Delaney and Brown:

Thank you for your letter on December 20, 2013, and for your continued commitment to the health and well-being of all Hoosiers.

In 2011, the State of Indiana carefully evaluated all of the options available for establishing a state-based insurance exchange in Indiana. Our analysis found that the cost of operating a state-based insurance exchange would total roughly \$50 million per year. Were the State to take on this function of the Affordable Care Act from the federal government, our own exchange would still be forced to comply with a wide array of ever-changing and often burdensome federal regulations. For these reasons, the State determined that any limited appreciable benefits from operating a state-based exchange would not represent a value proposition for Hoosier taxpayers.

As I've said before, Medicaid isn't just broke, it's broken. Studies suggest that traditional Medicaid's rigid structure does not improve health outcomes. I continue to believe that it would be unwise for Indiana to expand our Medicaid program absent significant reforms. As far as reforms go, the State of Indiana need look no further than our own Healthy Indiana Plan. In addition to achieving higher rates of preventative care and lower rates of non-emergent ER visits when compared to traditional Medicaid, the Healthy Indiana Plan has a remarkable 95% satisfaction rating among its members.

I continue to believe that the Healthy Indiana Plan's innovative design represents the best way forward for providing low-income Hoosiers with health care coverage. The proposed waiver from traditional Medicaid's rules and regulations would achieve greater coverage for Hoosiers in a way that reflects the long-term interest of the State. Our administration continues to work in good faith with federal officials to expand the Healthy Indiana Plan.



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The attachments to your letter, as you note, represent the most recent formal communications between our administration and the U.S. Department of Health and Human Services on our waiver to expand the Healthy Indiana Plan. Your letter asks for additional correspondence between the State of Indiana and the U.S. Department of Health and Human Services regarding this waiver. The State's health care reform website, [www.in.gov/healthcarereform](http://www.in.gov/healthcarereform), contains a helpful repository of all official correspondence between our administration and the federal government on this and other health care issues pertaining to the Affordable Care Act. In addition, our administration also stands ready to brief you on any updates on the waiver at your convenience.

I appreciate your inquiry and welcome any additional thoughts on the State of Indiana's efforts to ensure quality health care options for Hoosiers, especially during this time of particular uncertainty in the health care market.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Pence".

Michael R. Pence  
Governor of Indiana