



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

December 12, 2012

The Honorable Kathleen Sebelius
Secretary
United States Department of Health and Human Services
200 Independence Avenue SW
Washington, D.C. 20201

Dear Secretary Sebelius:

For the past two years we have been attempting to evaluate what implementation of the Affordable Care Act (ACA) will mean for Pennsylvania. I instructed my administration to move cautiously, but continuously, down a path that would place us in a position to consider all options and make informed decisions that best meet the needs of our citizens. We have asked many important questions of your agency during this process and, to date, have received little acknowledgement in response.

Although the recent publication of proposed regulations provided some guidance, even you have admitted these rules are not final. And your answers this week – less than five days from the deadline for a decision for a state-based exchange – while greatly appreciated, still require significant review along with the regulations.

Pennsylvanians have waited long enough for answers, and continuing this environment of uncertainty harms Pennsylvania businesses and consumers who are attempting to prepare for the changes created by the ACA.

My priority is to make decisions that are in the best interest of Pennsylvanians, while complying with the law. I continue to have strong concerns that “state authority” to run a health insurance exchange is illusory – when in reality, Pennsylvania would end up shouldering all of the costs by 2015, but have no authority to govern the program. With regulations still to be finalized and with more forthcoming, too many unknowns remain for us to plan accordingly. Therefore, I’ve decided Pennsylvania will not move forward with establishing a state-based health insurance exchange at this time.

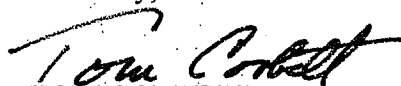
We must work together to provide more health care access. However, I remain concerned about the costs of Medicaid expansion in Pennsylvania, which could reach more than \$4 billion in state-only costs over the next eight years. This could mean substantial tax increases to Pennsylvania families. I am hopeful that you will answer the questions my administration has

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posed in previous letters to HHS around flexibility, costs and impacts, which will greatly assist us in our decision making.

Affordable health insurance is an important issue for all Pennsylvania families. As Governor, I will continue to work toward health care policies that will provide Pennsylvanians with greater access to high quality and more affordable health care coverage. The time has come for real flexibility within these programs, and it is imperative that your department engage in discussions with me and other willing governors on developing the solutions that will give states the freedom to design sustainable health care programs that will meet the unique and diverse needs of its citizens. Any solution pursued in Pennsylvania must present a sustainable approach to improving the affordability and accessibility of health care in our state.

Sincerely,


TOM CORBETT
Governor