



STATE OF ARIZONA

JANICE K. BREWER  
GOVERNOR

EXECUTIVE OFFICE

February 3, 2011

The Honorable Kathleen Sebelius  
Secretary  
United States Department of Health and Human Services  
200 Independence Avenue, S.W., Room 120-F  
Washington, DC 20201

Dear Secretary Sebelius:

I was encouraged today to read your letter to our nation's governors in which you assert your commitment to work with states like Arizona to create a 'sustainable and vibrant Medicaid system' that is responsive to our needs and challenges. Indeed, Arizona is a national leader in Medicaid innovation and has pursued every efficiency measure you've suggested. Despite these efforts, state expenses under our Medicaid program continue to grow at an unsustainable rate. I respectfully submit that the most impactful and immediate step you could take would be to approve Arizona's request for a temporary waiver allowing our state to reduce Medicaid eligibility for certain non-disabled adults. As I've said repeatedly, this simple step would preserve our state's underlying Medicaid program for more than 1 million Arizonans, while sparing education, public safety and other essential state programs from hundreds of millions of dollars in additional cuts.

In recent weeks, my office has been working to secure a meeting with you to discuss Arizona's limited request for a waiver of maintenance of effort requirements under the Patient Protection and Affordable Care Act. I believe that meeting is more important than ever upon reading this letter in which you appear uncertain whether you have authority to waive maintenance of effort requirements under the law. I believe strongly that you do. Congress explicitly placed the maintenance of effort requirement in an area of federal statute that you have the authority to waive. Given that, it appears that granting temporary relief from one of the more onerous fiscal requirements of the health care act is more a matter of political will than legal authority.

I'm heartened by your pledge to provide states with the flexibility they need in administering their Medicaid programs. That has not always been our experience. In fact, as recently as a month ago, the federal government rejected an Arizona request to eliminate coverage for taxi cab rides for doctor visits. Also rejected was our common sense request to implement a fee for Medicaid members who skip out on a medical appointment. Such 'no-show' fees have long been a reality for any American on private insurance. I hope such requests in the future are more

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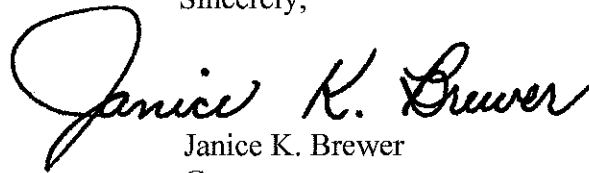
Page 2

favorably considered so that states may continue to provide the essential care to those who need it most.

Your letter noted more than a dozen efficiencies that states can pursue in reducing their overall Medicaid costs. As I mentioned earlier, you should be aware that Arizona has previously enacted or is pursuing every one of these suggestions. The result is Arizona's status as a national leader in the cost-effective delivery of health care to those in need, which has resulted in a program with some of the lowest per-capita costs of any state. Put simply, Arizona is already reaping the savings you suggest. Our problem is not with a bloated state structure. It's with federal mandates that leave us no discretion to make the reductions our budget – and our state Constitution – demand.

As a former governor, you can relate to the myriad pressures states face. I reiterate my request for a one-on-one meeting so that we may discuss, with your help, how best Arizona can serve its citizens while meeting its fiscal obligations.

Sincerely,

A handwritten signature in cursive script that reads "Janice K. Brewer". The signature is written in black ink and is positioned above the printed name and title.

Janice K. Brewer  
Governor