



RICK SCOTT
GOVERNOR

November 16, 2012

Secretary Kathleen Sebelius
Department of Health and Human Services
200 Independence Avenue
Washington, DC 20201

Re: Meeting request to discuss lowering health care costs and increasing the access to quality health care for all Florida families

Dear Madam Secretary:

As I travel the great State of Florida, families tell me they are concerned about their ability to follow their dreams by getting a great job and a quality education for their children and grandchildren and keeping their cost of living low. As we continue to work toward these goals, we have a responsibility to address the ever-increasing cost of health care and the need for better access to quality health care for all Florida families. However, we also have a responsibility to work toward these goals without making things worse for Florida families by driving up costs without doing anything to increase access or quality. The citizens of our state are hopeful that you will accept our offer to partner with you to work together on solutions that will address the ever-increasing cost of health care and the need for better access by all Florida families to quality health care. We would respectfully request a meeting to discuss possible solutions for Florida families at your earliest opportunity.

While I continue to be concerned with the unanswered questions regarding the implementation of PPACA, I know that we share the same goals when it comes to lowering the costs of health care and addressing the need for better access to quality health care for not only Floridians, but for all Americans. I am hopeful it is possible for us to work together to lower costs and improve access and quality. Under the current regulatory requirements and the information we have been provided, however, Florida does not have evidence that a PPACA exchange can accomplish these goals.

While I am appreciative of the additional time offered in your November 9, 2012 letter for states who wish to submit a blueprint for approval of state-based exchanges, I remain hopeful that the Department of Health and Human Services will be able to issue the critical guidance we need to make the necessary

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decisions by the deadlines set out in the PPACA. Current information available to us does not offer any indication that a PPACA exchange lowers health care costs for Floridians. As we continue to analyze what decision would be best for Florida families, estimates for Illinois, the state with the largest population after Florida, show

(s) start-up costs for the Exchange from 2011 through 2013 are projected at \$92.3 million. Operating costs for 2014 are projected to be between \$32.1 million and \$46.7 million (depending on enrollment). For 2015, costs are expected to increase along with enrollment to \$57.4 million to \$88.6 million.¹

Moreover, we realize that the actual costs of most government healthcare programs prove to be greater than the early projections. For example, in 1966 the initial estimate for the cost of Medicare was \$12 billion by 1990, but it actually cost \$107 billion that year. The Congressional Budget Office already estimates that families will pay \$2,100 more for their health insurance in the non-group market under PPACA because of the new rules², although many of those rules are still very unclear. Further, we continue to hear concerns from private insurers in Florida that the new federal requirements and taxes will force more and more costs onto families in the coming years. In weighing the benefits and risks to Florida families associated with PPACA, it is important that we can fully understand the impacts of the decisions facing our state. Florida families expect me to help them get a job and a great education for their children and grandchildren and keep our cost of living low.

Despite these challenges, there are many policies that we can pursue together that can have an immediate and positive impact on the costs that families must bear to afford health care coverage. First and foremost, we can attack the best way for families to overcome this obstacle – through employment. By controlling spending, reducing regulatory burdens and encouraging

¹ *State Planning and Establishment Grants for the Affordable Care Act's Exchanges: State of Illinois – Quarter 4 Report*. Office of Consumer Information and Insurance Oversight. October 31, 2011. <http://insurance.illinois.gov/hiric/resources/q4grantreporthis.pdf>.

² *An Analysis of Health Insurance Premiums Under the Patient Protection and Affordable Care Act*. Congressional Budget Office. November 30, 2009. <http://cbo.gov/sites/default/files/cbofiles/ftpdocs/107xx/doc10781/11-30-premiums.pdf>.

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American businesses to grow and create jobs, we can help millions of hardworking families get jobs and access to the health care they need.

As a part of our meeting, I would also propose discussing ways that the administration in Washington can work in partnership with us to enact reforms that are proven to lower costs for families. For instance, through a Medicaid waiver, Florida has been providing innovative care to individuals through managed care. An evaluation of the project showed that consumers had choices and found improved access to care. Health plans scored higher on quality measures and improved their quality scores more rapidly, while allowing taxpayers to save money. Statewide Medicaid Managed Care is one way we can act immediately to encourage more competition in health care which would drive down costs and increase outcomes and services. We appreciate all the work your staff has done on the current Medicaid waiver request for Statewide Managed Care and look forward to your approval.

Together, we can also work to offer individuals the same tax benefits for buying insurance coverage as employers which will prevent individuals from losing their health insurance when changing jobs, along with price incentives for healthy behaviors like eating right, exercising and not smoking. I would also propose allowing individuals to have the flexibility to buy the coverage that is right for them, rather than requiring health care plans to cover services that Florida families do not desire. If we can enact a reform agenda that will increase competition and choices and incentivize personal responsibility for families, we can achieve our goal of lowering costs and increasing access to and quality of care, all for the benefit of Florida families.

I look forward to your response to my invitation. Thank you for your consideration.

Sincerely,



Rick Scott
Governor