



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

July 31, 2009

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

Dear Secretary Sebelius:

Like many Americans, I am increasingly concerned about the implications of the current national health care reform proposals for families, taxpayers, patients and medical providers. I am certain that you, as a former governor, agree that much of our nation's public policy innovation occurs in the 50 state laboratories of democracy. It is critical that federal health care legislation empower states to create and implement health care policy that achieves increased private insurance coverage; reduces bureaucracy and medical lawsuit abuse; controls costs; and improves the quality and delivery of health care.

State governors and lawmakers must continue to have the ability to implement effective health care policy and to opt out of over-reaching or unproductive federal health care mandates and policies.

In that vein, last year I wrote to your predecessor seeking his assistance in moving Texas' 1115 waiver proposal forward to the formal negotiation process with the Centers for Medicare and Medicaid Services (CMS). That negotiation process was under way when the Obama administration took office in January, but is now stalled in Washington.

The State of Texas submitted its waiver request to CMS on April 16, 2008, after submitting a concept paper in December 2007. The waiver sets forth state-based solutions to provide more Texans with insurance, reduce expensive emergency room visits for basic care, and make it easier for the working poor to buy into employer-sponsored insurance.

While the Texas waiver reflects an innovative approach to health reform that addresses Texas' unique characteristics, it also contains components previously approved by CMS in other state waivers.

The state's comprehensive health reform plan would allow Texas to employ a sustainable, market-driven approach to optimize existing state health care dollars to help low-income uninsured Texans buy private insurance coverage; promote consumer choice and personal responsibility, including health savings account approaches for consumer directed services;

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promote healthy lifestyle behaviors; encourage preventive care; and create cost-saving health delivery efficiencies and coordination.

Through our waiver, Texas proposes to create the Texas Health Opportunity Pool (HOP) trust fund by optimizing funding sources. Through this fund, Texas will transform access to health care for the uninsured from a heavy reliance on hospital-based care to increased access to primary and preventive care. Our goal is to provide Texas consumers with a choice among health care coverage options, placing an emphasis on consumer ownership of primary and preventive services.

Approval of the Texas waiver will allow a critical transformation of our health care system, including reducing uncompensated care costs, improving system efficiencies and quality of care without financially unsustainable *or debt-inducing* expansions of government programs. The Texas waiver proposal reflects strong bipartisan acknowledgement of the need for reform, and incorporates state-based solutions developed by Texans who engaged in an extensive stakeholder feedback process in our state.

Improving quality of care, controlling escalating health care costs and addressing access-to-care issues requires collaboration among federal, state and local governments. A one-size-fits-all federal government mandate will not achieve significant reform. Rather, allowing states and local governments the flexibility to restructure the way health care is financed and delivered is critical to significant reform.

I respectfully urge you to approve the Texas waiver. Our waiver presents a strategic alternative to continued reliance on government-run health care programs and our already overburdened safety net systems of care. Texas stands ready to enact significant state-based reform, and we seek your assistance as we move toward a healthier Texas.

Sincerely,


Rick Perry
Governor

RP:jop

cc: Mr. Albert Hawkins, III, Executive Commissioner, Texas Health and Human Services
Commission
Texas Congressional Delegation