



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

April 30, 2010

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

SENT VIA EMAIL ADDRESS: highriskpools@cms.hhs.gov

Dear Secretary Sebelius:

Your April 2, 2010, letter requests that the State of Texas quickly submit a letter of intent to contract with the U.S. Department of Health and Human Services to operate a new temporary high-risk pool program under the Patient Protection and Affordable Care Act of 2009.

After careful analysis of the new law, consultation with state health and insurance officials and communications with state lawmakers and your agency, the State of Texas cannot today commit to operating the new high-risk pool due to the lack of program rules or reliable federal funding.

Congress has committed \$5 billion to operating these risk pools in all 50 states for at least four years. Most experts believe this amount to be insufficient. In the coming years, state officials could be forced to reduce health coverage, raise premiums or ask state taxpayers to pay for these high-risk pools once federal funds run dry.

Just days ago, the chief actuary for the federal Centers for Medicare and Medicaid Services stated, "By 2011 and 2012 the initial \$5 billion in federal funding for this program would be exhausted, resulting in substantial premium increases to sustain the program; ... such increases would limit further participation."

The federal government still has many unanswered questions relating to the implementation of federal health care reform in general and the temporary high-risk pool program in particular. For example, key contract terms and passage of federal rules and covenants to ensure financial solvency so that taxpayers and state revenue systems are held harmless have not been addressed.

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As we've seen in federal education and stimulus programs, the administration is again asking states to commit to a program without knowing the rules of engagement. I do not believe that the aggressive implementation and the lack of assurances on financial solvency of the program are in the best interest of Texas taxpayers, families, patients or health care providers.

Sincerely,

A handwritten signature in black ink that reads "RICK PERRY". The letters are written in a cursive, slightly slanted style.

Rick Perry
Governor

RP:rsp