STATE OF UTAH
OFFICE OF THE GOVERNOR

GARY R. HERBERT
GOVERNOR

September 15, 2009

Dear Senator Bennett,

As Governor of the State of Utah, I am aware of the critical importance of health system reform in our country. However, I believe the best place for innovation and policy change is in the individual states, as we have a greater understanding of the specific needs of our citizens. This effort is already underway in Utah, with great success. I am worried, however, that the direction of the current language of federal health system reform bills will preclude state-directed reform and place a detrimental burden on states' budgets. Therefore, I am contacting you in order to forge a partnership to enact reform that will benefit not only the citizens of Utah, but will benefit everyone throughout our great country.

In Utah, we have a good system of public medical programs that provide for our neediest population. However, the weight of the current programs strains our state budget. So far, we have managed to fully fund the existing programs, although it becomes more challenging each year. The extension of Medicaid to additional populations, as discussed in proposed federal healthcare legislation, will amount to an unfunded mandate that would create financial havoc for our state.

While I understand the idea that everyone must "share in the pain," and appreciate the Administration's commitment to reforming healthcare without increasing the size of the federal deficit, to force Medicaid cost increases onto states will simply shift massive cost increases to the states. As I am sure you know, Utah, like most other states, is suffering from the negative impacts of a nationwide recession. As we prepare the state's fiscal year 2011 budget, we face continued cuts to agency budgets and reduced government services on top of painful reductions made last year. The unfunded mandate of a forced Medicaid expansion will only exacerbate an already dire situation. If required to increase our Medicaid program as envisioned in Washington, Utah, and most every other state, will be forced to find the money to do so through other means. This will require states to either raise taxes or continue to cut budgets in areas currently suffering from a lack of funding, such as public and higher education. We must work together to ensure that no new requirements for states to fund health care for additional populations pass.

This does not mean, however, that the State is ignoring or has forgotten about middle-income uninsured families in Utah. Quite the contrary, the aggressive health system reform being pursued in Utah is designed to address the healthcare needs of those families in a manner that does not shift additional burden to the State.

UTAH STATE CAPITOL, SUITE 200 • P.O. BOX 142220 • SALT LAKE CITY, UTAH 84114-2220
TELEPHONE: (801) 538-1000 • FAX: (801) 538-1528

As mentioned above, Utah has made remarkable progress toward health system reform. One of the cornerstones of our State's efforts is the introduction of a defined contribution health benefit system and implementation of the Utah Health Exchange, which provides the technology to make that market work. This new market approach is proving to be very popular. In fact, in just nine days, following the official launch of the Utah Health Exchange, 136 of Utah's small businesses signed up to contribute to health care coverage for their employees, representing approximately 7,000 covered lives.

It is essential that federal legislation not derail this promising effort to provide insurance in a new way to Utah's small business employees, who are the backbone of our economy. When fully implemented, the Exchange will help individuals and employees access the information they need to make informed choices about their health and health care, as well as their health insurance. This tool has a standardized application process and allows people to apply for a broad range of coverage electronically; which further increases access to affordable coverage.

To me, the highlight of the Exchange is that it is almost entirely run by the private sector. The State brought together a technology company, a finance company, and many different insurers who have worked out the necessary details to provide a platform for this new marketplace. We were able to go from a signed bill to a functioning exchange in just five months. This is the very definition of forging unprecedented partnerships to find solutions that government alone cannot provide. The driving force behind any proposed exchange must continue to be private sector ingenuity, with government assisting in the appropriate ways.

I look forward to working with you in a similar manner to ensure that federal and state healthcare reforms are compatible and will result in success for the citizens of our great State. I believe that together we can develop workable alternatives to the traditional Washington D.C. "one-size-fits-all" solution. We must continue to recognize that states are the laboratories of innovation and that the best solution to our nation's challenges is to empower states to serve their unique populations in the best ways possible.

Please contact me if there is any way I can be of assistance with this very important issue.

Best Regards,

Gary R. Herbert
Governor

Cc: Senator Orrin Hatch, Utah
Congressman Jim Matheson, Utah
Congressman Rob Bishop, Utah
Congressman Jason Chaffetz, Utah
Senator Max Baucus, Montana
Senator Jeff Bingaman, New Mexico
Senator Kent Conrad, North Dakota
Senator Michael B. Enzi, Wyoming
Senator Charles E. Grassley, Iowa
Senator Olympia Snowe, Maine