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Congress of the United States
House of Representatives
Washington, DC 20515-4611
July 11, 2012

COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM
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PROCUREMENT REFORM
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AND LABOR POLICY
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COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEES:
TERRORISM, NONPROLIFERATION AND TRADE
MIDDLE EAST AND SOUTH ASIA

The Honorable Robert F. McDonnell
Governor
1111 East Broad Street
Richmond, VA 23219-1934

Dear Governor McDonnell,

As you are aware, the Supreme Court upheld the constitutionality of the Affordable Care Act on a 5-4 ruling with Chief Justice Roberts offering the majority opinion. This ruling is a victory for Virginia families and small businesses. It will strengthen the economic security of the hard-working families in my Northern Virginia district and across the Commonwealth by ensuring that they have access to affordable, quality health insurance and are protected from capricious decisions to deny or limit coverage by the insurance companies. It will make our small businesses more competitive in the global economy by offering tax credits and reducing a major expense that often puts American businesses at a disadvantage to their global competitors.

Already here in the Commonwealth, 66,000 young adults have gained health insurance coverage as a result of the provision allowing them to stay on their parents' insurance until age 26. Both Governor McDonnell and I are blessed with adult daughters under 26, so we can relate on a personal level to how critical this provision is to Virginia families. Virginia seniors have already saved a total of \$83,949,689 on prescription drugs as a result of improved coverage under Medicare Part D, and 418,231 seniors have received free preventive services this year alone. This summer, 686,738 Virginians will receive \$43,127,639 in insurance premium rebates thanks to new cost protections. These are just a few of the dozens of benefits Virginians are receiving and will continue to receive as a result of the Affordable Care Act and the Supreme Court's ruling.

But I am writing today with respect to the Supreme Court's decision giving states the opportunity to "opt out" of the ACA's Medicaid expansion provisions. Under the ACA, Medicaid eligibility is expanded to include adults with annual incomes up to 133 percent of the poverty level. The federal government will pay 100 percent of the costs of covering those eligible for the expansion in 2014, 2015, and 2016; 95 percent in 2017; 94 percent in 2018; 93 percent in 2019; and 90 percent in 2020 and thereafter. While it appears Virginia now has the ability to reject these federal funds, I am sure you will agree that doing so would be an historic mistake for our Commonwealth.

Senator Orrin Hatch (R-Utah) said it best: "No state can afford to opt out. There's no state in its right mind that wouldn't take the money, because they're going to have all those additional people they're going to have to care for."

According to the Kaiser Family Foundation's Commission on Medicaid and the Uninsured, 245,840 uninsured Virginians would likely receive Medicaid coverage under the expansion. This change alone would slash our Commonwealth's uninsured population and save hundreds of millions in uncompensated costs. From 2014-

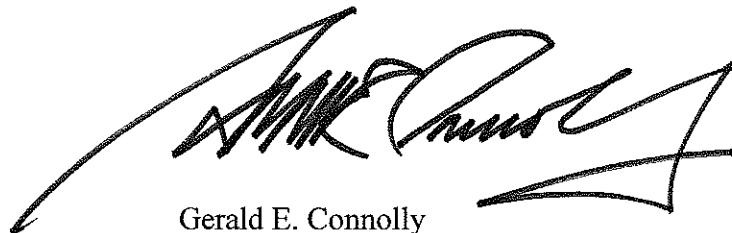
2019, Virginia Medicaid spending would increase 1.8 percent as a result of this reform, but federal Medicaid spending in Virginia would increase 35.1 percent or \$9,629,000,000.

To quote the Kaiser Family Foundation, "States will have relatively small increases in state spending, but these will be swamped by the new federal dollars that they will receive because of the reform." The new federal dollars swamping states that participate in the Medicaid expansion will reduce the number of uninsured, create jobs, and slash uncompensated care costs. The 245,840 Virginians who are now seeking health care at the most expensive point of entry – the emergency room – will for the first time have coverage and access to cost-effective preventive care. Opting out of this expansion would severely burden our Virginia hospitals with spiraling uncompensated care costs. Every Virginian who has insurance today will bear that financial burden through higher premiums.

Last year, Governor McDonnell formed the Virginia Health Reform Initiative Advisory Council to assist in planning the implementation of the ACA. The Governor's council found that uncompensated care for the uninsured in Virginia costs \$1.65 billion per year. The Council also found that ACA reforms, including the Medicaid expansion, would reduce uncompensated care costs borne by Virginia's government, families, businesses, and hospitals by \$860 million. Opting out of the Medicaid expansion would cause uncompensated care costs to continue spiraling out of control.

The choice we face as Virginia's leaders is momentous. Will we move forward together to implement these historic reforms, reversing our unsustainable trajectory of spiraling costs? Or will we allow this once-in-a-lifetime opportunity to leverage billions of dollars of federal funds to help Virginia's families, businesses, and bottom line? I urge you to seize this opportunity to make life better for all Virginians.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Connolly", written over a large, stylized, and somewhat abstract scribble.

Gerald E. Connolly
Member of Congress
11th District, Virginia

GC/pw

cc: Speaker William J. Howell
Leader David Toscano
Senator Tommy Norment
Senator Dick Saslaw