

# United States Senate

WASHINGTON, DC 20510-1804

December 3, 2012

The Honorable Bobby Jindal  
Office of the Governor  
P.O. Box 94004  
Baton Rouge, LA 70804-9004

Dear Governor Jindal:

Congratulations on your recent election to serve as Chair of the Republican Governor's Association (RGA).

I read with interest your recent interview with Politico. I couldn't agree more that Americans are looking for real policy solutions to the most pressing issues we face. The country is tired of what you aptly called "dumbed-down conservatism" and "bumper-sticker slogans" and wants to see policy-makers offer serious solutions that address the challenges before us. As the Chair of the RGA, you will have a leading role to play not only in Louisiana, but also across the country.

At the top of the list of challenges is our broken, wasteful, and expensive health care system. As you know from your past involvement in crafting health policy, our health care system falls short in basic areas of quality, cost, outcomes, and equity. In reaction to rapidly rising premiums, employers and families have been forced to move to skimpier health insurance plans that cover fewer benefits and a smaller share of the costs. As a result, even for those with insurance, a growing portion of their family budgets are spent on out-of-pocket health care costs, which can become catastrophic and bury a family's financial viability. Despite per-capita health care spending that is almost double what other countries spend, America ranks near the bottom of many quality and outcomes measures, and millions of working Americans lack access to basic medical care, making them less healthy and less productive at work. They have no doctor, no treatment options, and no care outside of the emergency room. In Louisiana alone, there are 124,000 uninsured children and 771,000 uninsured adults – 20% of our state population. Only three other states have a higher rate of uninsured.

The Affordable Care Act (ACA) opens the door to a historic opportunity for Louisiana to provide access to health care for hundreds of thousands of Louisianians who are currently uninsured. It has also given us the opportunity to support our businesses in the state by helping to create a healthier and more productive workforce, to support our hospitals and other health providers, and to strengthen our economy. As you know, it does this by providing significant federal support for an expansion of Medicaid, and by giving Louisiana the flexibility to create its own state-run health insurance exchange and to define its own package of Essential Health Benefits. But the doors will slam shut on those opportunities soon if you fail to act. I urge you to reconsider your opposition to these important reforms.

## **Health Insurance Exchanges**

In just under two weeks, on December 14, you must make a final decision on whether Louisiana will be allowed to establish its own state-run health care exchange, or whether you will cede that authority to the federal government. As a strong states' rights advocate, it seems you would surely want to retain this flexibility for Louisiana. Health insurance exchanges are a pro-market mechanism that have been supported by Republican governors and legislators across the country for years. Exchanges keep prices low by pooling risk, and they free up buyers and sellers to compete on price and quality by offering pricing transparency and a standardized product. Following similar reforms in Massachusetts, non-group health insurance premiums dropped by as much as 40%.

Governor, I am sure that you will agree that robust competition is necessary for a high-functioning health insurance market in Louisiana. Unfortunately, we lack that competition in Louisiana. In fact our State Insurance Commissioner, who has said that he supports state-based exchanges, recently called our health insurance market "noncompetitive." An estimated 317,000 Louisianians (and 25 million Americans in all) will purchase their private health insurance on an exchange in the next few years. Instead of ceding control of our exchange to the federal government, which will necessarily result in a one-size-fits-all solution, I urge you to reconsider your opposition to a health insurance exchange. Making the choice to operate a state-based exchange will give our state the ability to create *an exchange that is uniquely designed for Louisiana*, that will best serve our people's needs, and that will best enhance the competitiveness of our health insurance market.

## **Essential Health Benefits**

The state has not yet taken the steps to define the Essential Health Benefits package. Again, if the state fails to act by the February 15 deadline, the federal government will dictate the terms of the package. The Department of Health and Human Services recently extended the deadline for states to submit an Essential Health Benefits package. If action is not taken soon, Louisiana will lose an opportunity to tailor the insurance coverage to reflect the unique health care needs of our citizens.

## **Medicaid Expansion**

Finally, and most importantly, the ACA gives states the opportunity to expand Medicaid coverage for those people earning less than 133% of the Federal Poverty Level (about \$30,000 for a family of four). This expansion could provide health insurance to up to 400,000 Louisianians who currently lack insurance, and for 17 million Americans if all states participate. This includes up to 240,000 workers who sustain industries that are vital to Louisiana's economy, including construction, tourism, retail, and food service. Studies show that Medicaid enrollees are more likely to have a primary care doctor and take the prescription drugs their doctor prescribes, and are less likely to fall into financial trouble due to medical bills.

Additionally, the Medicaid expansion is also a real benefit for many businesses, whose employees will be healthier and less likely to miss work because of an illness, and for hospitals and other providers, which will have lower uncompensated care costs as a result of seeing more patients with means of payment. For example, Louisiana is home to a strong network of Federally Qualified Health Centers (FQHCs) whose patient mix is 39% uninsured. Without the once-expected Medicaid expansion, this network of FQHCs will be severely strained, and its

ability to continue providing high-quality, low-cost care will be threatened. And for many rural providers, Medicaid is an essential source of financial support.

State finances will also improve as a result of the reduction in uncompensated care. In fact, a recent study published by the Kaiser Family Foundation estimates that between 2013 and 2022, the Medicaid expansion would save our state \$267 million in uncompensated care costs alone, and over \$18 billion across the country if all states expand the program.

The bottom line is this – the Medicaid expansion will be beneficial to Louisiana’s budget. As you know, the federal government will cover 100% of the costs of the expansion for the first three years, and no less than 90% thereafter. A report that your administration commissioned in 2010 from Mercer Consulting estimates that federal funds would cover \$25 billion of the \$26.8 billion in costs over 10 years; that is, the state would be responsible for only \$1.8 billion. That’s an additional \$26.8 billion flowing through the state’s economy that will increase state revenues and support our hospitals, other health care providers, and the myriad of businesses that serve these providers and their patients.

I know from your many speeches across the nation during the recent Presidential campaign your steadfast opposition to the Affordable Care Act. However, the election is over. The ACA is the law of the land and it has been upheld by the United States Supreme Court. You have so far chosen to forgo the chance to address one of the most pressing issues of our time by rejecting these three opportunities. If you do not agree with the Medicaid expansion as proposed, or the insurance exchanges, or the Essential Health Benefits package, what specific ideas do you have for addressing the serious problem of the 895,000 uninsured in our state, the thousands of businesses that have been priced out of our current market, and the downward spiral of hospitals, rural and urban alike, that are losing revenue? With health care costs rising, health outcomes deteriorating, and businesses struggling with the decision to either provide health care to their employees or stay economically competitive, what suggestions do you have, and at what cost? As you stated in your Politico interview, “You can’t beat something with nothing.” I could not agree more.

The ACA is not perfect, and that is why I remain open to making smart changes to the law to improve it, if warranted. I am open to listening to your suggestions, and I hope that we can both work to find real solutions to this serious issue. But now that we know the law is here to stay, simply refusing to engage in the process is not leadership. I stand ready to work with you to maximize the success of implementation of this Act for the people of our state.

Sincerely,



Mary L. Landrieu  
United States Senator

CC: Louisiana State Legislature  
Louisiana Hospital Association  
Louisiana Rural Health Association

Louisiana State Medical Society  
Louisiana Primary Care Association  
Louisiana Nursing Home Association  
Louisiana Dental Association  
Louisiana Pharmacists Association  
Louisiana Association of Business and Industry  
Louisiana Association of Health Plans  
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