STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

March 10, 2010

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington DC 20500

Dear Mr. President:

We share common ground in that we have both been called to lead during some of the most difficult times our nation has faced. Like you, I hear painful stories on a regular basis from people who are struggling to survive.

Yet in their time of need, our state government is on the brink of insolvency.

During this downturn, Arizona has lost the largest percentage of jobs in the United States. The flagging economy has resulted in a loss of state revenues in excess of 30%, placing tremendous pressure on our state budget. Today, Arizona faces one of the largest deficits of any state.

There is no doubt that this fiscal calamity has been compounded by the enormous spending increases we are facing as a result of our Medicaid program, which has seen population growth of almost 20% in the past 12 months.

It is for that reason I write to you today.

You have repeated on several occasions that the debate on health care reform has consumed the past year and you most recently called on Congress to vote the measure "up or down". As the Governor of a state that is bleeding red ink, I am imploring our Congressional delegation to vote against your proposal to expand government health care and to help vote it down.

The reason for my position is simple: we cannot afford it. And based on our state's own experience with government health care expansion, we doubt the rest of America can, either.

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Arizona is one of a few states that have pursued health care policies similar to those that you are proposing for the nation. In 2000, Arizonans voted to provide health care coverage up to 100% of the federal poverty limit for all residents, including childless adults, through the expansion of the state's Medicaid program.

While the expansion resulted in a modest reduction in the state's uninsured rate, the voters did not earmark adequate funding for the expansion and, as a result, our expenditures have become unsustainable, exploding from $3.0 billion to $9.5 billion during the past decade. Based on our state's own experience with underfunded government health care programs, Arizona can serve as a case in point for what will happen across our nation if your proposal is enacted.

Even with generous and enhanced federal matches, as well as recognition as one of the country's best Medicaid models, the program today demands nearly one in five state dollars. As a result, we find ourselves even more limited in our ability to invest in other critical state services, such as education and public safety, not to mention job creation and other economic development activities.

Unfortunately, your proposal to further expand government health care does not fix the problem we face in Arizona. In fact, it makes our situation much worse, exacerbating our state's fiscal woes by billions of dollars. Following are some of Arizona's concerns:

Makes Arizonans pay twice to fund other states' expansions - Your proposal continues the inequities established in the Senate bill with regard to early expansion states. While there is some mention of additional funding for states that have already expanded coverage, it is clear it will not fully cover the costs we will experience as a result of the mandated expansion. Therefore, Arizona taxpayers will have the misfortune to pay twice: once for our program and then once more for the higher match for other states.

Makes states responsible for financing national health care - In addition, your proposal, as well as the Senate bill it is based on, effectively terminates the partnership that has existed with the states since the inception of Medicaid. For 28 years, Arizona and the federal government have been partners in administering the Medicaid program. States have been provided with important flexibility to develop and create programs that work for their citizens. However, under your proposal, more power is centralized in Washington, D.C., and the states become just another financing mechanism. Not only will states be forced to pay for this massive new entitlement program our ability to control the costs of our existing program will be limited. These policies are simply not sustainable, and will result in a greater burden on state budgets and state taxpayers.

Creates a massive new entitlement program our country cannot afford - Your proposal creates a vast new entitlement program that our country does not have the resources to support. Our nation faces trillion dollar deficits far into our future. Medicare has an unfunded liability of $38 trillion, and physicians are destined to realize a 21 percent decrease in Medicare reimbursement until Congress finally accounts for the $371 billion in additional costs associated with their rates.

Mr. President, I am concerned that Washington does not recognize the fiscal realities states are facing, and likely will continue to face, for several years to come. Our country is living beyond its means and the federal government is leading the way by its example.

As Governor, it has been a painful process to move the State towards fiscal sanity. I have even proposed a temporary revenue increase, something I have never done in my 28 years of public service, to help mitigate impacts to education, public safety, and health services for our most extremely vulnerable citizens. Though Arizona's budget deficit is not of my creation, I am firm in my determination and responsibility to resolve it. I believe we have a moral imperative as leaders to not bankrupt and diminish the capacity of future generations.

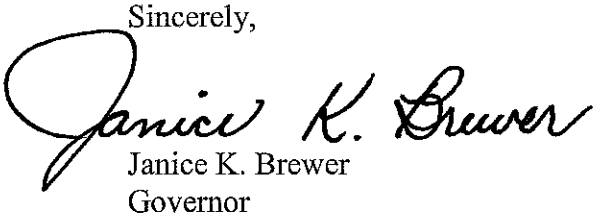
I understand that there are tremendous pressures to show some progress on health care given the time and effort that has been spent to date on this important issue. Indeed, improving access to quality health care is a laudable goal. However, the approach being taken by your administration has been proven by states like Arizona to be unsustainable in the long run.

Mr. President, I humbly request that you heed Arizona's experience and reconsider your proposed policies that will further strain already overburdened state budgets.

Thank you for your consideration, and for your tireless efforts on behalf of our citizens.

Yours in service to our great nation,

Sincerely,



Janice K. Brewer
Governor

cc: Arizona Congressional Delegation