



— State of —
North Dakota
Office of the Governor

John Hoeven
Governor

September 30, 2009

Kathleen Sebelius
Secretary of Health and Human Services
Hubert H. Humphrey Building
200 Independence Ave SW Room 615F
Washington DC 20201

Dear Secretary Sebelius,

As Congress and the Administration work through the various versions of healthcare reform currently moving through the legislative process, we ask that you carefully consider the following issues.

First, having served as chief executive of a state yourself, I am sure you are mindful of the growing concern among the nation's governors about the risk to states of including unfunded mandates in national healthcare legislation. States are constitutionally mandated to balance their budgets, which means that any shortfalls caused by unfunded federal mandates could force increases in taxes, a reduction in services or both. This potential is especially troubling at a time when states are financially struggling.

We cannot be certain what form evolving legislation will take, and what the impact of that final legislation will be on state budgets. For that reason, we, along with the National Governors Association, urge extreme caution in moving forward with any plan that would commit the states, without their express participation and consent, to obligations that may financially bind them for decades into the future.

Second, it is important that any healthcare reform plan passed by Congress and signed by the President reward the states for good Medicare and Medicaid outcomes. North Dakota healthcare providers, for example, consistently provide low-cost, high-quality healthcare, yet have the lowest reimbursement rates in the nation. Any reform of the system must have incentives for good performance and cost-effectiveness.

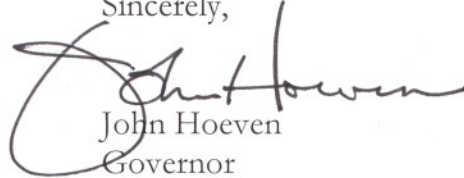
Notwithstanding these issues, like Americans everywhere, we too are concerned about rising healthcare costs and the need to provide access to affordable, high-quality

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healthcare for our citizens. Congress and the Administration should be looking at a range of reforms that can deliver meaningful and almost immediate benefits for our healthcare system. These include measures, among others, like tort reform for medical liability; tax credits to help make insurance more affordable; providing transparency in billing; ensuring healthcare insurance portability; and limiting denials for preexisting conditions.

Clearly, healthcare reform is needed. On that matter there is no disagreement, but it needs to be done right. To that end, I do hope that you will keep in mind our concerns and recommendations as you consider proposals to improve America's healthcare system.

Sincerely,



John Hoeven
Governor

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