

Congress of the United States
Washington, DC 20515

February 15, 2013

The Honorable Pat McCrory
Governor
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Pat McCrory:

We are writing you today with urgency to ask you to veto Senate Bill 4, which would have a devastating impact on hundreds of thousands of North Carolina families and on our state's economic recovery.

As the General Assembly rushes through passage of Senate Bill 4, we are concerned that a full cost-benefit analysis has not occurred. Under the terms of the law, the federal government will cover 100 percent of the costs of Medicaid expansion for the first three years and then phase down to 90 percent of the costs by 2020. While we are cognizant of the fiscal challenges North Carolina's Medicaid program has faced in recent years, expansion under the terms set out in federal law will strengthen the fiscal integrity of the program, not weaken it. The North Carolina Institute of Medicine estimates that expansion will save the State more than \$65 million over the next eight years, leveraging at least \$15 billion in federal funds over the next decade. At a time of pressing fiscal challenges, there is no reason for our state's leaders to leave this money just sitting on the table, especially since states can decide to opt out later if the terms of the agreement should shift.

The societal costs of S.B. 4 are also clear: Rejecting Medicaid expansion would exclude nearly 500,000 North Carolinians from gaining access to health care insurance, leaving them reliant on emergency rooms and other uncompensated care that is driving many of our small hospitals to the brink of insolvency. The lack of access to preventative screenings and chronic disease care will deny educational and economic opportunities to these North Carolinians. To make matters worse, if our state does not expand Medicaid, we will continue to bear the burden of uncompensated high-cost ambulatory care through our taxes and, for the insured, through the "hidden tax" paid in the form of higher private health insurance premiums. The American Academy of Actuaries estimates that premiums for private insurance will be at least two percent higher in states that do not expand Medicaid, since many of those who would be eligible for the expansion will continue to rely disproportionately on emergency care instead.

Moreover, a recent study commissioned by the N.C. Department of Health and Human Services found that the expansion of Medicaid could inject about \$1.4 billion into the North Carolina economy, creating as many as 23,000 jobs as pharmaceutical companies, medical device manufacturers, and others in the health care industry benefit from a larger patient base. Why would we block this infusion into the North Carolina economy when unemployment remains so high and our economic recovery remains so fragile?

Additionally, it has also become clear that rejecting Medicaid expansion will have a negative impact on our state's business community—particularly on many restaurant owners and other employers of low-

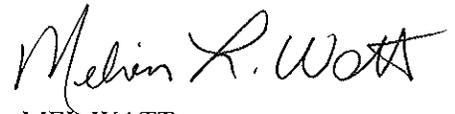
wage and part-time workers, who will be required to provide insurance for their employees if they are not covered by Medicaid expansion.

Given the economic, social, and fiscal benefits of Medicaid expansion, it is no wonder that a growing number of states—under both Democratic and Republican leadership—have chosen to implement the law. We urge you to follow this commonsense course and reject the reckless approach embodied in Senate Bill 4.

Sincerely,


DAVID PRICE
Member of Congress


G.K. BUTTERFIELD
Member of Congress


MEL WATT
Member of Congress