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Paul R. LePage
GOVERNOR

March 7, 2017

The Honorable Paul Ryan
Speaker of the House
H-232 The Capitol
Washington, D.C. 20515

Dear Speaker Ryan:

The American people have sent a clear message to Washington, D.C. that they are no longer willing to tolerate half-measures and politicians who don't keep their promises. This movement resulted in the improbable election of perhaps the most reform-minded, anti-establishment president in modern American history.

Republicans in Congress have been telling the American people for years that given the opportunity, they will repeal and replace ObamaCare with a conservative, free-market alternative. The American people, in turn, have given Republicans that opportunity. However, the early signs do not look encouraging. It appears Congressional Republicans are still intent on catering to big-government lobbyists and politicians in states that took ObamaCare's welfare-expansion bait.

I am a walking symbol of the American Dream. I grew up speaking English as a second language in a severely impoverished family of 18 children. I left home at 11 to escape domestic violence and shined shoes on the street for my meals. With perseverance, I earned a college degree and then an MBA, building a career in business that saw me run a 1,000-employee company. My transition from childhood homelessness to managing one of my state's most respected businesses had absolutely nothing to do with government handouts and everything to do with hard work and persistence. That is the story I tell limousine liberals who say I don't have empathy for the poor because I veto Medicaid expansion bills.

I support a truly conservative, free-market replacement of ObamaCare that would completely roll back Medicaid expansion for non-disabled adults and provide Medicaid dollars to states in the form of block grants. Unfortunately, the proposal released last night keeps Medicaid expansion until 2020, even allowing non-expansion states to join in. If the goal is to phase out expansion incentives after 2020, then why let more states join in the interim?

Maine voters are facing a Medicaid-expansion ballot initiative this November, which is being pushed by socialist activists and welfare lobbyists. The House Republican plan would allow Maine to expand Medicaid eligibility, then leave more costs to the state in the out-years. Their plan is even more financially devastating to state taxpayers than the original ObamaCare



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expansion was! We need to be moving forward, not backward. We must not only repeal and replace ObamaCare, we must reform it too. The non-expansion states helped hold the line against ObamaCare for seven years. Now we're yelling "fix the bayonets" but we're not hearing any clicks behind us.

Maine already tried Medicaid expansion 15 years ago, and we experienced the same things as states that have since expanded Medicaid under ObamaCare: shattered enrollment projections and massive budget shortfalls. Despite doubling the size and cost of our Medicaid program, we saw no improvement to our state's uninsured rate, hospital uncompensated care or emergency room utilization. The only thing we got was a \$750 million debt to our hospitals when we couldn't pay the bills.

Based on that experience, I successfully vetoed five separate attempts at Medicaid expansion in 2013 and 2014 and took my message to the people of Maine to explain why. I explained how expansion is so costly it erodes our ability to care for our elderly and disabled neighbors and how as long as the non-disabled, working-age adults worked about 20 to 30 hours per week, they were eligible for premium assistance for private insurance—insurance that pays providers more and strengthens the private market.

By the summer of my re-election year, when I was considered the second-most vulnerable incumbent governor in the country, even my harshest critics in the liberal media acknowledged how I had shaped public opinion instead of reacting to it, thereby neutralizing the issue of Medicaid expansion in the election. Political courage pays dividends.

In my second term, we have reduced the size of our Medicaid waitlists for severely disabled people, increased funding for Maine's nursing homes, cut taxes, shored up the rainy day fund and not once sought a supplemental appropriation to fill a Medicaid budget shortfall.

Despite its intention to get young, healthy people buying insurance and suppressing premiums for everyone else, ObamaCare instead took 12 million of those non-disabled adults out of the private insurance market and put them on a welfare entitlement. It was the primary failure of ObamaCare. By contrast, in Maine we cut Medicaid enrollment by 86,000 non-disabled adults and our uninsured rate actually dropped from 10.7 to 8.4 percent in 2011-2015. This is why I have no objection to continuing a system of private insurance premium assistance for low-income workers.

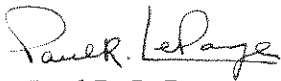
But any non-disabled people who remain on Medicaid should at least be expected to have some skin in the game. Don't just give states the option—make it mandatory that Medicaid programs include work requirements, asset tests, copays, premium contributions and fees for missed appointments.

Finally, a truly conservative ObamaCare replacement will favor block grants over per capita caps. A per capita cap incentivizes higher enrollment and higher spending by states. It also fails to account for demographic cost variables. Maine, for example, is the oldest state in the nation, so a set federal spend-per-enrollee would punish us for our costlier demographic makeup. A

block grant, however, would allow a state to simply prioritize a smaller but costlier population instead of spreading its federal Medicaid dollars among more people.

Mr. Speaker, the American People have spoken. They are looking for leadership. This legislation will originate in the House. The only way you will truly repeal and replace—and reform—ObamaCare is if you act with as much boldness as those who created it. Remember, “free” is always expensive to somebody.

Sincerely,



Paul R. LePage
Governor of Maine

cc: President Donald J. Trump
Vice President Michael R. Pence
Secretary Tom Price
Senate Majority Leader Mitch McConnell
Senator Susan M. Collins
Senator Angus S. King
Representative Chellie Pingree
Representative Bruce L. Poliquin
House Energy & Commerce Committee Members
House Ways & Means Committee Members