



**OFFICE OF THE GOVERNOR**

RICK PERRY  
GOVERNOR

November 15, 2012

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Sebelius:

As I stated in my letter of July 9, 2012, Texas will not implement a so-called state exchange. In its current form under the Patient Protection and Affordable Care Act and through the yet undisclosed rules set forth by CMS, the exchange presents an unknown cost to Texas taxpayers. It would not be fiscally responsible to put hard-working Texans on the financial hook for an unknown amount of money to operate a system under rules that have not even been written.

It is clear there is no such thing as a state exchange. Instead, this is a federally mandated exchange with rules dictated by Washington. As long as the federal government has the ability to force unknown mandates and costs upon our citizens, while retaining the sole power in approving what an exchange looks like, the notion of a state exchange is merely an illusion. Your agency has broad rule-making authority, including the ultimate decision on what is an essential health benefit, which plans can operate in an exchange, and the ability to establish both price controls and cost sharing limits.

Our state will not be a party to helping facilitate the taxation of millions of Texans, at an unknown cost, to implement bad public policy.

Respectfully,

A handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, slightly slanted style.

Rick Perry  
Governor

RP:ac

cc: Ms. Eleanor Kitzman, Commissioner, Texas Department of Insurance  
The Honorable Kyle Janek, M.D., Executive Commissioner, Texas Department of  
Health and Human Services