The Honorable Kathleen Sebelius
Secretary of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201

Dear Secretary Sebelius,

I am submitting this letter in response to your request concerning Virginia's intent to contract with the Department of Health and Human Services (HHS) for the development of a temporary high-risk pool under the Patient Protection and Affordable Care Act of 2010.

The Commonwealth of Virginia will not establish and serve as a vendor of a temporary high-risk pool. Virginia has estimated that the funding available to the Commonwealth in the amount of $113 million plus or minus 1% will not cover costs of the program beyond 22 months. This concern has been reinforced by actuaries from the Centers for Medicare and Medicaid Services who have advised states that "by 2011 and 2012 the initial $5 billion in federal funding for this program would be exhausted, resulting in substantial premium increases to sustain the program." The Commonwealth will rely on HHS to implement and operate the program as required in section 1101 of the Patient Protection and Affordable Care Act of 2009.

If there are any questions, please feel free to contact Virginia's high-risk pool contact, Molly Huffstetler or Secretary of Health and Human Resources, William A. Hazel Jr., MD. Thank you for the opportunity to work with the U.S. Department of Health and Human Services on this matter.

Sincerely,

Robert F. McDonnell

RFM/pdw
cc: Al Gross, Insurance Commissioner, State Corporation Commission
The Honorable Bill Bolling
The Honorable Kenneth T. Cuccinelli, II
The Honorable William Howell
The Honorable Lacey E. Putney
The Honorable Charles J. Colgan
The Honorable Ward L. Armstrong

The Honorable Robert D. Orrock, Sr.
The Honorable R. Edward Houck
The Honorable Richard L. Saslaw
The Honorable Thomas K. Norment, Jr.
Virginia Congressional Delegation