



C.L. "BUTCH" OTTER

GOVERNOR

March 13, 2012

The Honorable Lawrence Denney
Speaker of the House
State Capitol
Boise, ID 83702

Dear Mr. Speaker,

I hereby advise you that I have transmitted today to the Secretary of State the following House Bill, which was allowed to become law without my signature:

HB 574

as prescribed by the Constitution.

A likely June decision from the United States Supreme Court after its hearing this spring on challenges to the Patient Protection and Affordable Care Act – Obamacare – puts the need for this supplemental appropriation in doubt, particularly as it relates to the \$7.5 million ongoing General Fund portion of House Bill 574.

If the Supreme Court strikes down the federal mandate as unconstitutional, as the State of Idaho contends it should, then the General Fund money will be necessary. However, it is my firm belief that thorough evaluation and responsible reforms are needed in the administration of and expectations for the Catastrophic Health Care Fund before an ongoing appropriation of any size is approved.

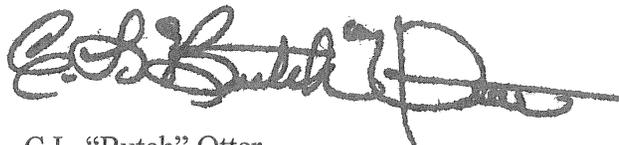
The goal should be a workable, well-defined process for paying medical costs for indigent citizens, replacing the existing patchwork of county and State responsibilities. According to the Department of Health and Welfare, that system would require claims processing that meets industry standards, case management for Medicaid-eligible chronic disease patients, an integrated software system for eligibility determinations at both the county and State levels, and a rewrite of Idaho's indigent and catastrophic health care statutes with a concise description of the role of counties, the State, hospitals and other providers, and citizens.

If the Supreme Court upholds the Obamacare mandate including Medicaid expansion, against the arguments of Idaho and 25 other states, then the "Cat Fund's" purpose will cease to exist and a supplemental appropriation for a projected FY 2012 shortfall in that fund will be strictly a one-time question.

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Therefore, I respectfully call the Legislature's attention to the high level of uncertainty attached to the need for at least the ongoing element of this supplemental appropriation. If the Obamacare mandate is quashed, I look forward to working with the Legislature to carefully consider how best to address the shortcomings that both the State and counties have experienced with the Cat Fund's equity and effectiveness over the years before appropriating more money to its continuing operations as they now exist.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is stylized and includes a long horizontal flourish extending to the right.

C.L. "Butch" Otter
Governor of Idaho

Cc: Lieutenant Governor Brad Little