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December 18, 2007

Honorable Edward G. Rendell
Governor, Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Rendell,

I am writing to express the Pennsylvania Orthopaedic Society's support for your efforts to balance healthcare insurance for Pennsylvania's uninsured residents with the need to maintain access to specialty care through continuation of the Mcare Abatement Program. The Pennsylvania Orthopaedic Society firmly believes that the Mcare Abatement Program has helped our patients find specialty care when they need it by ensuring that Pennsylvania's supply of specialty physicians remains in practice. By all accounts, this program has been a very successful investment for the Commonwealth.

As a medical professional organization, our members are also sensitive to and mindful of the challenges the uninsured face when they try to obtain healthcare insurance or medical treatment. We share your belief that investment in healthcare insurance will yield a healthier and more productive citizenry and a net savings to Pennsylvania's healthcare delivery system through more timely and appropriate treatment.

Your leadership five years ago provided immediate relief to our Society's members and created a more stable medical liability environment for the high-risk specialists who staff trauma centers, emergency rooms and delivery units. We fear that the expiration of the Mcare Abatement Program on December 31, 2007 could restart the turmoil that was experienced during the early part of the decade. Your decisive action in 2003 proved that Mcare abatement worked to reduce the outflow of high-risk specialists. We therefore respectfully request that you consider suspending the 2008 Mcare assessments in order to continue the good that the abatement has brought to the Commonwealth.

In October 2007, the Pennsylvania Orthopaedic Society presented our proposal to retire the Mcare Fund's unfunded liability to your Administration as well as several key

legislative leadership offices and other healthcare professional organizations. This model employs a re-insurance mechanism to secure the Commonwealth's liabilities therefore decreasing the reliance upon a bond issue. We believe re-insurance will be less costly than bond financing. We will forward our actuarial analysis to your staff as soon as it is complete.

At the November 20, 2007 meeting in your offices, you presented four potential funding mechanisms to finance continued Mcare abatement and to provide healthcare insurance to the uninsured. After careful deliberation, our Executive Committee prefers funding model #2 with the caveat that a portion of the attendant revenue be dedicated to retiring the Mcare Fund's unfunded liability. This model provides for the Mcare Abatement Program to continue for ten years and maintains the current medical liability insurance coverage limits. To fund the insurance program, this model requires a \$0.10 per pack increase in the cigarette excise tax, creates a \$0.36 per unit tax on cigars and smokeless tobacco products, and uses a portion of Mcare revenue and surplus monies.

In the coming months, we look forward to working closely with you on legislation to re-authorize the Mcare Abatement Program, to retire the Mcare Fund's unfunded liability, and to provide healthcare insurance to Pennsylvania's uninsured citizens. Although the Pennsylvania Orthopaedic Society has previously opposed the use of Mcare revenue and surplus for other purposes, we strongly believe that continued stalemate and gridlock on these important issues does not serve the interests of anyone, particularly our patients. We know the House Democrats and Republicans have engaged each other in discussions on these issues and our sincere hope is that all four legislative caucuses will join in the effort to resolve these issues.

Thank you for your leadership on these issues and your consideration of our requests. We welcome the opportunity to discuss this with you or your staff in person at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon B. Tucker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon B. Tucker, MD
President