



COMMONWEALTH of PENNSYLVANIA  
OFFICE OF THE GOVERNOR  
HARRISBURG

December 21, 2007

Dear Health Care Provider:

Five years ago, I proposed the creation of the Mcare abatement program to help physicians and midwives pay for their malpractice insurance. I made this proposal at a time when spiking premiums were threatening physicians financially and threatening access to care for the people of Pennsylvania.

I had to fight very hard for approval from the legislature for your abatements and the tax increase necessary to fund them, but I persisted because I knew it was important for you and your patients. Since then, the abatement program has received nearly unanimous bipartisan support as the legislature has realized the value of this program.

Since 2003, the Pennsylvania General Assembly has annually approved one-year extensions of the Mcare abatement program. **Health care providers have received nearly \$1 billion in Mcare payment relief as a result of the abatement.** Funding to keep the Mcare program in balance despite the abatement comes from a special state account, funded with 25-cents a pack from the state cigarette tax.

While there is still more progress to be made to drive down med mal costs, the creation of the Mcare abatement and other actions taken by the Commonwealth of Pennsylvania have significantly improved the medical malpractice climate in our state. **The number of malpractice filings statewide is dropping. More insurers are now writing med mal policies in Pennsylvania. And best of all, in 2007, claims payouts from the Mcare Fund were half what they were in 2003.**

Because of the positive impact of the Mcare abatement, I recently urged the legislature to consider enacting a 10-year extension of the Mcare abatement so that we could avoid the annual political exercise of legislating the extension. I asked for the Mcare abatement extension in tandem with my proposal to provide health care coverage for those Pennsylvanians currently without insurance -- a program which I call Cover All Pennsylvanians (CAP).

CAP is designed to provide affordable health insurance to the uninsured and to employees of low-wage small businesses. Part of the funding for CAP is proposed to come from a 10-cent increase in the cigarette tax and a tax on other tobacco products.

Because Mcare payouts are now 50 percent lower than they were five years ago, there is a significant and growing surplus of funds in the special state account supported by the dedicated 25-cents a pack cigarette tax. Earlier this month, I proposed using a portion of this surplus to fund CAP. **There are sufficient funds in the account to continue the Mcare abatement program for the next 10 years and provide significant funding for CAP.** That is why I support using the available funds for both purposes -- extension of the Mcare abatement and funding for CAP.

Using the surplus and new tobacco taxes to continue your abatement and provide health insurance for those without it is the right thing to do. And **using the dollars in the state's 25-cents a pack dedicated cigarette tax fund to support the Mcare abatement and affordable health care coverage for the uninsured is completely consistent with the original intention of the fund. The fund was established to support health-care related expenditures.** Therefore it is entirely appropriate that we use the resources in this fund to make a 10-year commitment to the Mcare abatement and help pay to cover the uninsured.

This is a sustainable plan. Using very conservative assumptions, it is clear that this funding plan provides enough money to provide affordable health care coverage to the uninsured and still leaves enough money to provide you 10 years of predictable relief for your malpractice premiums.

I believe that you understand better than anyone the problems caused when people are uninsured. I also believe that you share my goal of wanting Pennsylvania to implement a workable, realistic plan to provide affordable health coverage for everyone.


With a bipartisan partnership in Harrisburg, we were able to pass the Mcare abatement in 2003. **I believe if we work together, we can succeed in reinstating the abatement program and also provide affordable health coverage for Pennsylvania's uninsured.**

You need to be part of this partnership. I ask you to talk to your fellow physicians, your professional organizations, and the CEOs and leaders of your local hospitals and make plans together to support the implementation of CAP and the reinstatement of the Mcare abatement.

In the next few weeks, health care providers will start to receive their Mcare assessment bills, with no payments due from providers before March 31, 2008. With your help, I am hopeful that we will extend the Mcare abatement and cover the uninsured prior to bills coming due.

If you would like more information about the Mcare abatement program, please visit [www.mcare.state.pa.us](http://www.mcare.state.pa.us) . If you would like more information about the Cover All Pennsylvanians plan, please visit [www.rxforpa.com](http://www.rxforpa.com) .

Sincerely,



Edward G. Rendell  
Governor