

# United States Senate

WASHINGTON, DC 20510

March 27, 2013

## VIA ELECTRONIC TRANSMISSION

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

Dear Secretary Sebelius:

On March 1st, the President formally ordered all government agencies to make across-the-board cuts worth \$1.2 trillion over a ten year period, \$85 billion in Fiscal Year 2013. As Ranking Members of the Senate Judiciary Committee and Senate Finance Committee, we have a responsibility to ensure that American taxpayer dollars are being appropriately spent and cut.

We wrote you previously on the unlimited money flowing from your agency to establish American Health Benefit Exchanges. These grants have little or no restrictions and accountability tied to them. To date, the Department of Health and Human Services (HHS) has awarded more than \$1 billion to 33 States for exchange planning and establishment.

Section 1311(a) of the Patient Protection and Affordable Care Act (PPACA) makes grants available to States in amounts to be specified by the Secretary of HHS for activities related to establishing an Exchange and to facilitate the purchase of qualified health plans. PPACA is virtually silent on how the funds are to be used and grants HHS unrestricted access to taxpayer dollars to fund these grants. Additionally, we have learned that HHS fails to provide substantive guidance to States on how these grant dollars should be used and provides no oversight on how these taxpayer dollars are being spent.

Given that your Department will be making \$55 billion worth of cuts, we would like to better understand how these grants fall into the bigger picture of sequestration reductions. Please answer the following questions by April 22, 2013:

1. During sequestration, will HHS be stopping, eliminating, or reducing the unlimited amount of exchange grants given to States to implement exchanges? If not, why not?
2. How much money has HHS already granted to States from 1311(a) grants?
3. Is HHS taking into account the unlimited exchange grants when evaluating sequestration savings?

- a. If not, why not?
- b. If yes, please explain in detail.

Ensuring proper use of American taxpayer dollars during hard budgetary times is of the utmost importance, and we trust you share our concerns. If you have any questions regarding this request, please contact Erika Smith with the Senate Judiciary Committee at (202) 224-5225 or Kim Brandt with the Senate Finance Committee at (202) 224-4515.

Sincerely,

  
Charles E. Grassley  
Ranking Member  
Senate Committee on the Judiciary

  
Orrin G. Hatch  
Ranking Member  
Senate Finance Committee