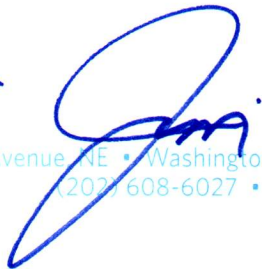


Nikki, thanks for joining our
governors meeting & your
leadership for S.C. I'll be
back to you soon with some
follow up ideas. 



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March 6, 2015

The Honorable Nikki R. Haley
Office of the Governor
1205 Pendleton Street
Columbia, SC 29201

Dear Nikki:

Thank you for joining the meeting a few weeks ago and for the excellent discussion. As follow up, I have provided our latest materials that I hope you will find helpful.

- 1) We are pushing back on liberal scare tactics about the case and reminding Americans that Obamacare and its flawed policies are to blame. Three recent publications make this case:
 - ***King v. Burwell: Assessing the Claimed Effects of a Decision for the Plaintiffs***
The “horribles” in this particular parade are less frightening than portrayed. The ACA’s fundamental design flaws that are inherently disruptive and unstable. The ultimate source of dislocation is the ACA itself.
 - ***Impact of King v. Burwell: The ACA’s Key Design Flaws***
The complexity and adverse effects of the ACA’s key provisions have already increased costs and dislocated millions from coverage. Thus, it is the ACA’s fundamental design flaws—not how the Supreme Court eventually rules in the King case—that are the ultimate source of disruption and will continue to plague the law’s implementation.
 - ***Eight Groups Harmed by the ACA’s Flawed Policies***
Of the millions hurt by the ACA, there are eight distinct groups who are suffering from these flawed policies. While King v. Burwell is currently in the spotlight, in the end, the ACA and its flawed policies are the root of the problem.
- 2) Should the Court rule against the Obama Administration, it will be important for Congress and states to act to clear away the failed policies of Obamacare. Our most recent paper outlines what Congress and the states should and should not do.
 - ***King v. Burwell: An Opportunity for Congress and the States to Clear Away Obamacare’s Failed Policies***
 - *A ruling against the Administration creates a unique opportunity to provide individuals who live in states that do not operate an exchange with immediate relief from the costly ACA rules and mandates. Clearing away the ACA’s flawed policies is the first step toward a patient-centered, market-based health care alternative. That will require a new approach to the tax treatment of health insurance and health care entitlement programs that empowers individuals—not the government or employers—by giving them direct choice and control that allows them to make their own health care decisions.*
 - ***King v. Burwell: What State Lawmakers Should Do***
 - *State lawmakers—particularly those in states that would be affected by a Supreme Court ruling against the Obama Administration in the King case—should take steps to encourage Congress to put forth a legislative response to the case, specifically by*

exempting affected states from the costly Obamacare rules, regulations, and mandates

- 3) Our paper recommends that Congress exempt individuals, employers, and insurers in the affected states from the costly Obamacare regulations and mandates. In anticipation of such action, we recommend the affected states take steps now to ensure a smooth transition from Obamacare's regulatory regime back to coverage regulated by the states. States should take the opportunity to review and assess their pre-Obamacare rules and regulations with attention to making coverage more affordable and available. Since we discussed the Maine model as an example, here is a publication on that topic as well.

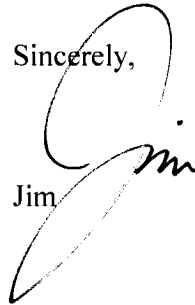
- ***Health Care Reform in Maine: Reversing "Obamacare Lite"***

Maine's experience with the costly failures of a big-government, command-and-control approach to health care reform is a salutary warning of the likely adverse effects of similar provisions in Obamacare. In contrast, Maine's new approach to health care reform shows other states and Congress how to chart a better course toward more innovative and effective health care reform using proven patient-centered, market-based designs.

We will be following up with additional materials related to the case in the coming days. Additionally, if our staff here at Heritage can be of assistance, I hope you will not hesitate to contact us. Thanks again for your leadership and I look forward to continuing our work with you on this important issue.

Sincerely,

Jim

A handwritten signature in black ink, appearing to be "Jim", with a large, sweeping loop above it.