



GOVERNOR OF PUERTO RICO

Ricardo Rosselló Nevares

March 17, 2017

Hon. Rick Scott
Governor of Florida
The Capitol – PL 05
400 S. Monroe St.
Tallahassee, FL 32399-0001

Dear Governor Scott,

It was a great pleasure to talk to you during the recent NGA Winter Meeting in Washington, D.C. I truly appreciate the opportunity to discuss the common challenges and opportunities shared by Florida and Puerto Rico.

As I mentioned to you, we are working hard to stabilize the current fiscal and economic crisis of the Government of Puerto Rico, and to put the island back on a path to fiscal responsibility and economic growth. However, the rapidly approaching drop in federal healthcare funding for Puerto Rico, known as the "Medicaid cliff", will come into effect before the end of 2017, threatening to derail our fiscal and economic efforts. This could lead to a full-blown collapse of our healthcare system. Moreover, if this issue is not addressed by Congress in the very near future, the fallout will be felt not only in Puerto Rico but also in the states, because the already high rate of migration of U.S. citizens moving from Puerto Rico to the states will likely increase significantly, affecting Florida in particular.

In the ten years between 2006 and 2015 over 440,000 residents of Puerto Rico have moved stateside, driven mostly by a desire to have better economic opportunities, improved quality of life, and equal rights and treatment as U.S. citizens. Between 2010 and 2015, Florida received over 128,000 new residents from Puerto Rico. Our projections on the Medicaid expenditures in Florida needed to serve this population (from 2011 to 2025) could exceed \$6 billion, with \$3.7 billion coming from the federal government, and the remaining \$2.5 billion from your state funds. If Congress allows the "Medicaid cliff" to take effect these numbers will only increase further as the rate of migration from the island to the states inevitably grows.

On our side, the effect of this loss of population is devastating because it decreases our tax base, erodes our consumer base, and diminishes our workforce, which all make our economic recovery even more difficult. I developed a Fiscal Plan that has been approved by the Financial Oversight and Management Board, created under PROMESA, which reduces spending and spurs economic growth and opportunities locally, so Puerto Ricans can realize their dreams on the island we all love. Now, federal legislators need to address the 'Medicaid cliff' and ensure the success of these reforms.

For this reason, I am reaching out to ask for your help in activating Florida's Congressional delegation as a voice of reason in Congress on this avoidable issue. Moreover, Congress has a perfect opportunity to deal with this, as it works to approve legislation to repeal and replace the Affordable Care Act (ACA). We are willing to do our part to provide greater accountability, increase spending controls, and prosecute any fraud, waste, and abuse tied to federal healthcare dollars. However, Congress must

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find a way to include Medicaid funding for Puerto Rico at current levels until the ACA replacement comes into effect, and must also help Puerto Rico obtain more equitable and fiscally sustainable federal healthcare funding going forward. This was specifically recommended in the attached report from the bipartisan Congressional Task Force on Economic Growth in Puerto Rico.

I am convinced that the only fiscally responsible course of action to tackle the impending "Medicaid cliff" is for Congress to fund the federal health care programs in Puerto Rico more equitably. I invite you to join me in this effort so we can obtain the best outcome for both of our constituencies.

In the next few days, my team will be contacting your office to schedule a meeting to discuss how we can move forward together to address this important issue. I have attached several documents that further detail the matters presented in this letter.

I look forward to your response.

Sincerely,



Ricardo Rosselló