

June 11, 2012

The Honorable Rick Perry
Office of the Governor
P.O. Box 12428
Austin, Texas 78711

Dear Governor Perry,

Thank you for your steadfast leadership and continued efforts to advance Texas as the economic envy of the nation. As you are aware, health care and hospitals are vital components of that economic vigor. It has been your passion for tort reform that has made Texas the model of an environment where health care is rewarded and not litigated.

We believe that the current state of the Texas Medicaid program, specifically the Disproportionate Share (DSH) program and the 1115 Waiver, offers another significant opportunity for Texas, much like that addressed previously with tort reform. Texas now has another chance to advance and prosper by making a positive choice for the health care of the state. The negotiations crafting the implementation of the 1115 Waiver and proposed recalibration of DSH have deteriorated to a point where we are now faced with the real possibility of government largesse at the expense of the private sector. Such a trend inevitably leads to government-run health care in Texas.

The CEO's of Baylor, CHRISTUS, Memorial Hermann, Texas Health Resources and HCA would like to request a meeting with you as soon as practicable to personally convey our concerns. We stand ready to do so as your schedule permits, but we respectfully request that such a meeting occur in the next few weeks if possible.

The five hospital systems aforementioned and undersigned represent 102,000 employees and an approximate \$8 billion annual payroll in Texas. Private hospitals provide most of the care for the uninsured and Medicaid recipients in Texas. We are therefore both invested in Texas and committed to Texas. The time has come to bring our concerns about this important issue to you directly.

Thank you in advance. Please feel free to have your office contact Chuck Girard, HCA Government Relations, at charles.girard@hcahealthcare.com or 512-482-4117.

Respectfully,



Joel T. Allison, FACHE
President & CEO
Baylor Health Care System



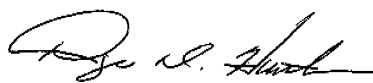
Ernie Sadau
President & CEO
CHRISTUS Health



Jon M. Foster, FACHE
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Douglas D. Hawthorne, FACHE
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