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**From:** Jacobs, Chris (RPC) [mailto:[Chris\\_Jacobs@rpc.senate.gov](mailto:Chris_Jacobs@rpc.senate.gov)]  
**Sent:** Thursday, September 22, 2011 11:06 AM  
**To:** Jacobs, Chris (RPC)  
**Subject:** Has the Administration Thrown in the Towel on CLASS...?

Bob Yee – the actuary HHS hired to run the CLASS program – this morning sent around the below e-mail to his colleagues noting that he would be “leaving his position as the CLASS Office actuary as *HHS has decided to close down the CLASS Office effective tomorrow.*”

HHS has yet to issue a formal statement confirming or denying the substance of the e-mail below, but a recent [report](http://rpc.senate.gov/public/index.cfm?p=class-untold-story) (<http://rpc.senate.gov/public/index.cfm?p=class-untold-story>) analyzed internal HHS documents showing the Administration knew full well the CLASS Act suffered from major problems, which the Administration ignored in the rush to enact Obamacare:

- Senior HHS officials [publicly pronounced](http://bit.ly/r6JmI7) (<http://bit.ly/r6JmI7>) the CLASS program solvent in the fall of 2009, at the same time career officials were calling CLASS “[a recipe for disaster](http://go.usa.gov/0fR)” (<http://go.usa.gov/0fR>);
- In January 2010, HHS raised serious concerns that the CLASS program created in PPACA [would be unsustainable](http://go.usa.gov/0fE) (<http://go.usa.gov/0fE>) – yet Secretary Sebelius and HHS staff never expressed those concerns publicly prior to the bill’s passage; and
- Secretary Sebelius and other HHS officials have [claimed through much of 2011](http://rpc.senate.gov/public/index.cfm?p=Blog&ContentRecord_id=52ac9d3c-45a9-4be2-99f8-c14cc83449c2&ContentType_id=3d1f05d6-ed37-4dea-897e-e41bafd0e109&Group_id=0c0f43ff-17c7-4379-abf7-1490f1bf75c5&MonthDisplay=2&YearDisplay=2011) ([http://rpc.senate.gov/public/index.cfm?p=Blog&ContentRecord\\_id=52ac9d3c-45a9-4be2-99f8-c14cc83449c2&ContentType\\_id=3d1f05d6-ed37-4dea-897e-e41bafd0e109&Group\\_id=0c0f43ff-17c7-4379-abf7-1490f1bf75c5&MonthDisplay=2&YearDisplay=2011](http://rpc.senate.gov/public/index.cfm?p=Blog&ContentRecord_id=52ac9d3c-45a9-4be2-99f8-c14cc83449c2&ContentType_id=3d1f05d6-ed37-4dea-897e-e41bafd0e109&Group_id=0c0f43ff-17c7-4379-abf7-1490f1bf75c5&MonthDisplay=2&YearDisplay=2011)) that the Department has sufficient authority to modify the CLASS program to make it solvent – yet internal HHS documents from January 2010 show that [HHS drafted a legislative “fix”](http://go.usa.gov/0fE), (<http://go.usa.gov/0fE>) because they were concerned the Department did NOT have the necessary authority.

The questions about CLASS’ sustainability have not just come from within the Administration. Even Senate Democrats chose not to fund the CLASS program – even as they were funding the rest of Obamacare – in the Fiscal Year 2012 Labor-HHS appropriations measure. The committee report – not yet online, but scheduled to be released [here](http://appropriations.senate.gov/) (<http://appropriations.senate.gov/>) shortly – recommends no FY12 funding for CLASS, rejecting the Administration’s request for \$120 million in its [FY12 budget](http://bit.ly/hszmcy) (<http://bit.ly/hszmcy>) to implement the program.

If confirmed, the fact that HHS has finally acknowledged fiscal and actuarial facts and aborted the CLASS program would be a welcome development. However, it would still raise questions about why and how HHS spent millions of taxpayer funds attempting to run an unsustainable program – and whether and why the Administration hid the facts about this unsustainable entitlement from the American public in its rush to enact Obamacare.

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Sent: Thursday, September 22, 2011 8:16 AM

To: Bob Yee

Subject: CLASS

Dear colleagues,

I'm leaving my position as the CLASS Office actuary as HHS has decided to close down the CLASS Office effective tomorrow. I believe I have made a contribution to CLASS to the best of my ability and hope I haven't embarrassed the actuarial profession too much.

I had the good fortune to work with, and receive advice from, almost all of you during this assignment. Thank you so much for your help and guidance. You have no idea how comforting it is to know that you have my back. Special thanks to the government actuaries whose predicament I have learned to appreciate - overworked and underpaid.

I'll be taking some time off in late October. But, as my beloved governor Arnold has promised, I'll be back.

If you have any questions or thoughts, please share them with me.

Take care.

Bob Yee