



Wayne A. Smith  
President & CEO

May 4, 2018

The Honorable Thomas R. Carper  
United States Senate  
513 Hart Building  
Washington, DC 20510

Re: Co-Sponsor and Support S. 1117

Dear Senator Carper:

On behalf of the Delaware Healthcare Association, I am writing to request your support for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan legislation would preserve access to an important source of capital and promote low-cost financing for the construction and maintenance of health care facilities and other infrastructure investments.

Our association's hospitals and health systems utilize money market funds for readily available, low-cost financing. Unfortunately, that access was diminished by a Securities and Exchange Commission (SEC) rule that took effect in October 2016. It prohibits prime and tax-exempt money market funds operating on a stable net asset value (NAV) basis from being offered to investors other than "natural persons." As a result, organizations that require stable value investments had to shift their investments out of those money market funds and into other types of investments that do not support the capital access needs of organizations that provide health care services and other important community infrastructure needs in Delaware.

Money market funds are among the largest purchasers of variable rate notes issued on behalf of hospitals and health systems. These instruments have a nominal long-term maturity, but the interest rate is adjusted on a daily or weekly basis. As a result, many of our members can undertake long-term infrastructure projects at low short-term rates. Unfortunately, funds that purchase the variable rate notes of institutions like our members, have experienced a 50 percent decline because of the SEC's floating NAV rule. This increases the cost of borrowing for investments aimed at improving the quality of healthcare in our state and across the country.

We urge you to consider co-sponsoring and support enactment of S. 1117 so that we can preserve stable value money market funds as a viable, efficient and cost-effective source of financing for health care and other institutions that serve the needs of our communities. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Wayne Smith". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Wayne Smith  
President & CEO