

DEPARTMENT OF INSURANCE

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June 26, 2012

Kathleen Sebelius, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius,

I am writing to support the California Health Benefit Exchange's application for its second Level I Establishment Grant (1.2) to support the planning and start-up of the California Health Benefit Exchange.

The California Department of Insurance (CDI) is responsible for the regulation of traditional insurance products, including indemnity plans and most of California's PPOs. CDI plays an important role in policy and rate review and regulating the health insurance market in California. As Commissioner, I support the medical loss ratio requirements of the Affordable Care Act and the Department is currently auditing a number of the insurance carriers in order to most effectively enforce them. I also support the California Health Benefit Exchange as an open and transparent marketplace for Californians to browse, compare, and purchase health insurance coverage. The Exchange represents an opportunity to provide coverage options and will play an important role in insuring millions of Californians.

Federal funding is critical to the success of the California Health Benefit Exchange. CDI and the Exchange will continue partnership efforts in the development of the Exchange and it will be crucial that the Exchange have the resources necessary for success. To date, CDI and the Exchange have worked collaboratively on Essential Health Benefit analysis and issues regarding Qualified Health Plan selection and certification. We jointly submitted comments on the essential health benefits bulletin released December 16, 2011, proposed rules for establishment of exchanges and qualified health plans, and other proposed regulations. Through the activities outlined in this grant application and in additional ways, the CDI and Exchange will continue to work together towards a successful launch. Continued federal support during the development period will ensure the successful implementation of the Exchange and a productive and lasting partnership between the Exchange and CDI.

Sincerely,

A handwritten signature in dark ink that reads "Dave Jones". The signature is fluid and cursive, with the first name "Dave" being more prominent than the last name "Jones".

DAVE JONES
Insurance Commissioner