

U.S. House and Senate Notification
Monday, July 11, 2011

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: HHS, States Move to Establish Affordable Insurance Exchanges

Today, the U.S. Department of Health and Human Services (HHS) proposed a framework to assist States in building Affordable Insurance Exchanges, state-based competitive marketplaces where individuals and small businesses will be able to purchase affordable private health insurance and have the same insurance choices as Members of Congress. Starting in 2014, Exchanges will make it easy for individuals and small businesses to compare health plans, get answers to questions, find out if they are eligible for tax credits for private insurance or health programs like the Children's Health Insurance Program (CHIP), and enroll in a health plan that meets their needs.

Today's announcement is designed to help support and guide States in their efforts to implement Exchanges. HHS proposed new rules offering States guidance and options on how to structure their Exchanges in two key areas:

- Setting standards for establishing Exchanges, setting up a Small Business Health Options Program (SHOP), performing the basic functions of an Exchange, and certifying health plans for participation in the Exchange, and;
- Ensuring premium stability for plans and enrollees in the Exchange, especially in the early years as new people come in to Exchanges to shop for health insurance

The proposed rules set minimum standards for Exchanges, give states the flexibility they need to design Exchanges that best fit their unique insurance markets, and are consistent with steps States have already taken to move forward with Exchanges. States may decide whether their Exchanges should be local, regional, or operated by a non-profit organization, how to select plans to participate, and whether to partner with HHS to split up the work.

Forty-nine states, the District of Columbia and four territories accepted grants to help plan and operate Exchanges. In addition, over half of all States are taking additional action beyond receiving a planning grant such as passing legislation or taking Administrative action to begin building exchanges. States will continue to implement exchanges on different schedules through 2014.

HHS is accepting public comment on the proposed rules over the next 75 days to learn from states, consumers, and other stakeholders how the rules can be improved and HHS will modify these proposals based on feedback from the American people. To facilitate that public comment process, HHS will convene a series of regional listening sessions and meetings.

To reduce duplication of effort and the administrative burden on the States, HHS also announced that the Federal government will partner with states to make Exchange development and operations

more efficient. States can choose to develop an Exchange in partnership with the Federal government or develop these systems themselves. This provides states more flexibility to focus their resources on designing the right Exchanges for their local insurance markets.

The proposed regulations can be found here:

[http://www.ofr.gov/\(X\(1\)S\(nkajqyiro13oelz2ffeeho3z\)\)/OFRUpload/OFRData/2011-17610_PI.pdf](http://www.ofr.gov/(X(1)S(nkajqyiro13oelz2ffeeho3z))/OFRUpload/OFRData/2011-17610_PI.pdf) and here:

[http://www.ofr.gov/\(X\(1\)S\(nkajqyiro13oelz2ffeeho3z\)\)/OFRUpload/OFRData/2011-17609_PI.pdf](http://www.ofr.gov/(X(1)S(nkajqyiro13oelz2ffeeho3z))/OFRUpload/OFRData/2011-17609_PI.pdf)

For more information on Exchanges, including fact sheets, visit

<http://www.healthcare.gov/exchanges>

If you have any questions, please contact the CMS office of Legislation at (202) 690-8220. Thank you.