

**U.S. House and Senate Notification**

**Monday, March 12, 2012**

**To: Congressional Health Staff**

**From: Jennifer Boulanger**

**Acting Director, Office of Legislation**

**Centers for Medicare & Medicaid Services**

**Re: HHS Policies Give States More Flexibility to Establish Affordable Insurance Exchanges**

Today, the Department of Health and Human Services (HHS) published a final rule to assist States in building Affordable Insurance Exchanges, the new State-based competitive marketplaces that begin in 2014. Combining policies from two proposed rules published last summer, the final rule provides a framework to enable States to build their Exchanges, and provides standards for eligibility for enrollment in qualified health plans through the Exchange and insurance affordability programs, including premium tax credits.

The final rule preserves and, in some cases, expands the significant flexibility in the proposed rules that enables States to build an Exchange to best meet the needs of their consumers. As they design a marketplace that works for their residents, States may decide whether their Exchange should be operated by a non-profit organization or a public agency, how to select plans to participate, and whether to partner with HHS for some key functions. The final rule also offers significant additional flexibility regarding the eligibility determination process, strengthens consumer protections, and keeps it simple for health plans interested in participating in Exchanges. It also makes it easier for small businesses to get coverage through the Small Business Health Options Program (SHOP).

Today's announcement builds on over two years' worth of work with States, small businesses, consumers, and health insurance plans. The administration examined models of Exchanges; convened numerous meetings and regional listening sessions across the country with stakeholders; and consulted closely with State leaders, consumer advocates, employers and insurers. To finalize the rules announced today, HHS accepted public comment over 75 days to learn from States, consumers, and other stakeholders on how the rules could be improved, and HHS modified the proposals based on feedback from the American people.

To view the final rule visit: [http://www.ofr.gov/OFRUpload/OFRData/2012-06125\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2012-06125_PI.pdf)

For more information on today's announcement, visit:

<http://www.healthcare.gov/news/factsheets/2011/07/exchanges07112011a.html>

For more information on Exchanges, including fact sheets,

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

Please contact the CMS Office of Legislation at 202-690-8220 if you have any questions.