

DEPARTMENT OF INSURANCE

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June 20, 2011

Joel Ario
Director of the Office of Health Insurance Exchanges
US Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Director Ario,

I am writing to express my strong support for the California Health Benefit Exchange's (Exchange) grant application. This application is critical to support the progress being made by the state of California and to health reform efforts on the national level.

As California's Insurance Commissioner, implementation of the Affordable Care Act (ACA) is a top priority. The Exchange is both a critical piece of the ACA, and an essential element of California's health reform efforts. I am partnering with the Exchange on issues critical to implementation and coordination between our agencies.

The California Department of Insurance (CDI) is responsible for the regulation of traditional insurance products, including indemnity plans and most of California's PPOs. We regulate 65% of the individual market in California and 35% of the small group market. CDI has a rigorous rate review process and posts rate filings for individual and small group health insurance policies on our website, where the public can submit comments or file complaints. As Insurance Commissioner, I am sponsoring legislation (SB 51 - Alquist) to place the ACA's MLR requirements into California law and have enacted emergency regulations adopting the ACA's MLR requirements in the individual market. Furthermore, I am sponsoring key state legislation (AB 52 - Feuer) which would give the Insurance Commissioner the authority to reject excessive health insurance rates.

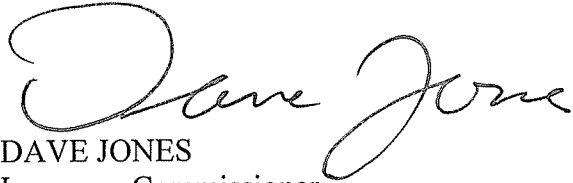
I support the Exchange as an open and transparent marketplace for Californians to browse, compare, and purchase health insurance coverage. The Exchange represents the opportunity to provide more affordable coverage options and will play an important role in insuring millions of Californians.

Federal funding is critical to the success of the Exchange in California and to national health care reform efforts. CDI and the Exchange are partners in the new world of the ACA and it will be crucial that the Exchange have the resources necessary for success. The federal funding sought

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in this grant application will help to ensure successful implementation of the Exchange and a continued partnership between the Exchange and CDI. California will also provide an important model for the national market as we make efforts to move forward quickly with implementation of federal health care reform.

Sincerely,

A handwritten signature in cursive script that reads "Dave Jones". The signature is written in black ink and is positioned above the printed name and title.

DAVE JONES
Insurance Commissioner