

State of California HEALTH AND HUMAN SERVICES AGENCY



DIANA S. DOOLEY
SECRETARY

March 7, 2017

Secretary Tom Price
Centers for Medicare & Medicaid Services
Department of Health and Human Services

Aging

Child Support
Services

Community Services
and Development

Developmental
Services

Emergency Medical
Services Authority

Health Care Services

Managed Health Care

Public Health

Rehabilitation

Social Services

State Hospitals

Statewide Health
Planning and
Development

Dear Secretary Price,

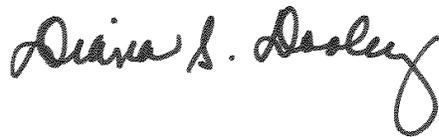
I write today in response to the proposed market stabilization regulations (CMS-9929-P) your agency recently released. As Secretary of the California Health and Human Services Agency, I oversee Medi-Cal, California's Medicaid program, and the Department of Managed Health Care (DMHC), the state agency that regulates health care service plans in California. I also serve as Board Chair of Covered California, California's Health Benefit Exchange. DMHC and Covered California are submitting comments on specific provisions of the draft regulations for your consideration. California appreciates the acknowledgement in the proposed regulations of the importance of state flexibility in implementing changes in a way that makes sense for a state's consumers and health insurance market and hope that state flexibility is reflected in the final rules.

Over the last several years, California has achieved success in implementing health policy changes that have led to coverage expansions that are working for Californians. We have dramatically reduced the number of the uninsured with a thoughtful and prudent expansion of Medi-Cal and by creating a competitive marketplace that has helped to grow and strengthen the state's individual insurance market. These two complementary actions have brought health coverage within reach for millions of California consumers. The competitive marketplace is also benefiting over one million Californians who do not receive any financial subsidy, but purchase coverage on the individual market.

California has focused its efforts on creating competitive markets for consumers in our Medicaid program and in the individual market with our state-based solution, Covered California. California has cut its uninsured rate by almost 10 points, from 17 percent in 2013 to 7.1 percent as of September 2016 — our lowest rate in history. We have done this by implementing state-specific solutions and strategies while working in concert with federal policies and resources. Along the way, we have learned many lessons, and we urge you to continue to allow for flexibility for state-based marketplaces as you implement policies that continue to foster a competitive marketplace.

In addition, while the comments are specific to the proposed regulations issued, we also urge you be very mindful of the need to adopt policies that promote stability and do not undercut health plans that are seeking to participate in the individual market. We recognize that there may be policy changes in the coming years and we look forward to working with you to provide constructive feedback as we work towards improving the health and health care for consumers across the nation.

Sincerely,

A handwritten signature in black ink that reads "Diana S. Dooley". The signature is written in a cursive style with a large, looping 'y' at the end.

Diana S. Dooley
Secretary