



OFFICE OF THE GOVERNOR

July 10, 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 want to confirm that California remains fully committed to moving forward with a State-Based Exchange under the Affordable Care Act. In June, we submitted the California Health Benefit Exchange's Level 1.2 Establishment Grant application, and in the coming months we will submit our formal declaration and blueprint to detail our implementation plans.

After you and the President led the effort to enact the Affordable Care Act, California was the first state to pass legislation establishing an Exchange, and we are moving ahead at full speed to make our State-Based Exchange operational. Already, the California Health Benefit Exchange is developing the infrastructure necessary to operate a new health coverage marketplace that will support the enrollment of millions of Californians. It is also developing a process to select and certify qualified health plans to offer health insurance to individuals and small businesses starting in 2014.

Success of the California Health Benefit Exchange and our broader Medicaid program depends on a strong partnership with the federal government that supports a model of health care delivery focused on quality and efficiency. It also depends on the federal government's ongoing financial support for the Exchange and our Medicaid program, as well as recognition of our significant and continuing budget challenges that impact both.

We have and will continue to take the lead in moving forward with our Exchange, and we look forward to working with you to ensure that the Exchange succeeds.

Sincerely,

A handwritten signature in black ink that reads "Edmund G. Brown Jr." with a large, stylized flourish at the end.

Edmund G. Brown Jr.

cc: Diana S. Dooley, Secretary, California Health and Human Services Agency  
Peter V. Lee, Executive Director, California Health Benefit Exchange