



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

December 10, 2012

Dear Governor:

For more than two years, we have worked with you to implement the Affordable Care Act and strengthen our health care system. Thanks to the law, Americans will have access to new marketplaces where they will have more high quality insurance choices. Additionally, the law allows your state to expand your Medicaid program and the federal government will pay 100% of the cost of all newly eligible residents in Medicaid for 3 years, beginning in 2014. We continue to encourage all states to fully expand their Medicaid programs and take advantage of the generous federal matching funds to cover more of their residents.

As we continue to move forward with implementation of the Affordable Care Act, I have heard from a number of governors and other state leaders with questions about the new marketplaces called Exchanges, Medicaid, and other aspects of the health care law. As both a former governor and state insurance commissioner, I believe that states are in the best position to make decisions about their health insurance marketplaces. As such, I am committed to providing you with as much guidance and information as I can over the coming weeks and months to help with the significant decisions you must make.

It is my hope that all states will seriously consider establishing a State-based Exchange, or running components of an Exchange, but regardless of a state's decision, my Department stands ready to help. To that end HHS developed the enclosed document providing answers to many of the questions raised by governors, state legislators, and others over the past few months, which we hope will be helpful in your decision-making process.

As always, my staff is available to help your state officials to better understand the information we are providing today. I also reiterate my offer to meet with you to discuss implementation issues, should that be helpful.

I look forward to working with you toward our ultimate goal of ensuring that every American has access to affordable, high quality health care. Please do not hesitate to contact me if you have any further thoughts or concerns.

Sincerely,

Kathleen Sebelius

Enclosure