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October 9, 2012

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
CMS Center for Consumer Information and Insurance Oversight (CCIIO)
200 Independence Avenue, SW
Suite 739H
Washington, D.C. 20201

RE: Exchange Declaration/ Maryland Health Benefit Exchange

Dear Secretary Sebelius:

The State of Maryland continues to make significant progress in the establishment of a state-based Exchange and is currently planning the timely submission of the *Blueprint Application for Approval of Affordable State-Based Exchanges*. Pursuant to Section One of the application, I hereby submit Maryland's Letter of Declaration setting forth the State's intention to operate a state-based Exchange.

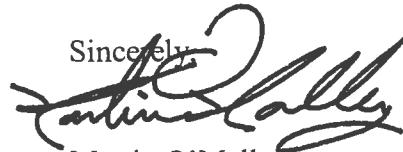
The Maryland Health Benefit Acts of 2011 and 2012 established the Exchange's governance structure, stakeholder process, and policy decisions necessary to guide its implementation and operations. The Board of Trustees was appointed in May 2011 and began working immediately to ensure that development of the Exchange would stay on track to obtain certification in January 2013, launch open enrollment for individuals and small businesses by October 1, 2013, and be fully operational by January 1, 2014.

With respect to the risk adjustment required under the Affordable Care Act, the State intends to use federal services and methodology to administer its risk adjustment program. Regarding reinsurance, Maryland has reached a decision to administer its own reinsurance program; the Exchange will be the entity administering the program. Finally, Maryland will rely on the federal Advance Premium Tax Credit and Cost-Sharing Reduction (APTC/CSR) eligibility determinations.

Rebecca Pearce, the Exchange's Executive Director, has been designated as the primary point of contact for the Maryland Health Benefit Exchange. Ms. Pearce is authorized to bind the State regarding the state-based Exchange, as well as complete and sign the Blueprint Application and attest to the facts within the application electronically.

We look forward to continuing to work with HHS as we develop Maryland's state-based Exchange, and appreciate all of the opportunities available under the Affordable Care Act to expand access, reduce costs, and improve the quality of health care for all Marylanders.

Thank you for your consideration.

Sincerely,

Martin O'Malley
Governor

cc: The Honorable Anthony G. Brown, Lieutenant Governor
Secretary Joshua Sharfstein, M.D., Department of Health and Mental Hygiene
Rebecca Pearce, Executive Director, Maryland Health Benefit Exchange