

CHRISTINE O. GREGOIRE  
Governor



STATE OF WASHINGTON  
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July 31, 2012

Mike Hash, Acting Director  
Center for Consumer Information and Insurance Oversight  
Centers for Medicare and Medicaid Services  
200 Independence Avenue SW, Suite 739H  
Washington, DC 20201

Dear Mr. Hash:

I am pleased to submit this Declaration Letter confirming that Washington State will operate a state-based health insurance exchange. Through the tremendous efforts of many in our state, the Washington Health Benefit Exchange (Exchange) has been established as a public-private partnership governed by an independent board. The Exchange was created in Senate Bill 5445 through bipartisan legislation in 2011.

The eleven-member Exchange Board consists of experts in the health care field with backgrounds in economics, employee benefits, health care consumer advocacy, small business and other areas of specialization ideal for the Exchange Board. It also includes the Insurance Commissioner and the Medicaid Director as ex-officio, non-voting members to ensure coordination between the Exchange and the relevant state agencies. As laid out in legislation, the Board assumed governing authority of the Exchange on March 15, 2012.

Since that time, the Exchange Board has made significant progress in the development and implementation of the Exchange and has begun to make important policy decisions. They have hired a Chief Executive Officer, Richard Onizuka, to administer the Exchange. Dr. Onizuka will serve as the primary point of contact and is authorized to bind the state with the U.S. Department of Health and Human Services regarding the state's exchange. Dr. Onizuka will complete and sign the Exchange application.

At this time, Washington State is planning to operate its own risk adjustment program in 2014. Through House Bill 2319 passed this year, the Washington State Legislature gave the Insurance Commissioner the authority to contract with a nonprofit entity to administer the risk adjustment program. The Commissioner's multi-disciplinary workgroup is implementing a strategy that uses a centralized data model for risk adjustment. The workgroup may leverage the functionality of the federal risk adjustment methodology where it aligns with our state's health insurance market.



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Additionally, Washington State plans to administer its own reinsurance program. The Washington State Legislature delegated authority to the Insurance Commissioner to adopt rules on the reinsurance program. The legislation also gave the Insurance Commissioner the authority to contract with a nonprofit entity to administer the reinsurance program. HB 2319 directed the Washington State Health Insurance Pool (WSHIP), the state's high risk pool, to evaluate their potential to administer the reinsurance program. The same multi-disciplinary workgroup assessing possible risk adjustment approaches is also looking at the options around reinsurance.

The Exchange will rely on the Federal government to perform Advance Premium Tax Credit/Cost-Sharing Reduction eligibility determinations, working in conjunction with the Exchange's eligibility service.

Washington State looks forward to working collaboratively with HHS to have a fully functional Exchange open for business during the open enrollment period beginning October 1, 2013.

Sincerely,



Christine O. Gregoire  
Governor