



JOHN R. KASICH
GOVERNOR
STATE OF OHIO

November 16, 2012

Director Gary Cohen
Centers for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight
200 Independence Avenue, SW, Suite 739H
Washington, D.C. 20201

Dear Director Cohen,

This letter is to inform you of Ohio's decisions regarding whether or not to implement the health benefits exchange mandated by the Affordable Care Act (ACA), and other issues. The law requires the Secretary of the U.S. Department of Health and Human Services (HHS) to certify states' plans by January 1, 2013 and, in order for the Secretary to carry out this task, HHS is requiring states to submit an Exchange Blueprint.

My administration is committed to improving health care for all Ohioans through forward-thinking, solutions-oriented strategies aligned with our state's ongoing efforts to create a jobs-friendly climate. Accordingly, we are modernizing Ohio's Medicaid program, streamlining outdated health and human service delivery systems, implementing insurance market reforms and changing how we pay for care to reward value and coordinated care rather than volume.

We continue to make great strides in these endeavors despite significant headwinds expected from the law—higher health insurance costs, significant uncertainty in our insurance market and major new costs to states. Additionally, HHS is asking states to make final decisions on fiscally and economically significant and pivotal issues without promised federal guidance and rules for issues such as essential health benefits, market reforms, multi-state health insurance plans and more specifics regarding the federally-facilitated exchange. At this point, based on the information we have, states do not have any flexibility to build and manage exchanges in ways that respond to unique needs of their citizens or markets. Regardless of who runs the exchange, the end product is the same.

In light of this significant uncertainty and the negative impacts the law will have on Ohio:

- Ohio will not operate a federally-mandated exchange but instead will exercise its right under the law to leave that to the federal government;
- Ohio will not relinquish to the federal government its right to regulate its insurance market but, as permitted under the law, will instead retain the right to regulate the state's



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insurance industry through the Ohio Department of Insurance as it has done very effectively for more than 60 years;

- Ohio will not turn over to the federal government the right to determine Medicaid and Children's Health Insurance Plan (CHIP) eligibility for its citizens but, as permitted by the law, will retain that function as well and manage that work through Ohio's Medicaid director;
- Ohio has no plans to run a state reinsurance program at this time, and;
- The Director of the Ohio Department of Insurance is designated to work with HHS to finalize the Exchange Blueprint and work through other related issues.

Given that HHS has extended the deadline by which states must submit their blueprint applications, Ohio reserves the right to amend its intentions as stated in this letter, should HHS announce any changes or present states with new information, rules or interpretations of the law.

I am confident Ohio will meet federal standards to maintain its control of these responsibilities. In the meantime I urge you to promptly issue the guidance and rules Ohio needs to align plan management and Medicaid eligibility with an otherwise federally-facilitated health benefits exchange.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Kasich".

John R. Kasich
Governor