



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

January 3, 2013

The Honorable Edmund G. Brown Jr.
Governor of California
c/o State Capitol, Suite 1173
Sacramento, CA 95814

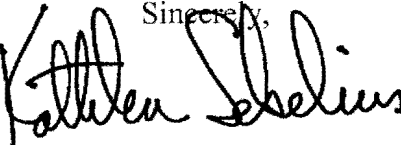
Dear Governor Brown Jr.:

I am pleased to inform you that California has received conditional approval to establish a State-based Exchange. We commend California for taking this important step towards providing affordable health insurance for consumers. Congratulations on reaching this significant milestone on the path to establishing an Exchange for the people of California.

Conditional approval reflects the substantial progress the California Exchange (Covered California) has made and an expectation that Covered California will be ready to provide affordable, quality coverage for consumers and small businesses in 2014. The Centers for Medicare & Medicaid Services (CMS) has reached this decision based on Covered California's self-assessment, progress to date, and expected progress across the entire spectrum of Exchange requirements, and is contingent upon the following conditions:

1. Demonstrate the ability to perform all required Exchange activities in line with the attestations California has made in its Exchange Blueprint Application submission; and
2. Comply with regulations and expected progress benchmarks. During the first year of the program (plan year 2014), approval of a State-based Exchange will account for timelines related to guidance and infrastructure development.

We recognize that California is working under intense timelines and will work with you to establish benchmark dates that are appropriate and will allow us to jointly monitor California's progress. CMS will continue its work with all Exchanges, including providing more detailed information directly to your State Exchange, Covered California.

Sincerely,


Kathleen Sebelius