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

December 16, 2011

Dear Governor:

Since the Affordable Care Act became law on March 23, 2010, millions more Americans have access to quality health insurance. We have ended some of the worst insurance abuses, developed new delivery system models, and worked to eliminate waste and inefficiency. These efforts have resulted in real benefits to Americans. Just this week, we reported that 2.5 million young adults have gained health coverage as a result of the new law. Working in close collaboration with our partners in state government, we have been able to offer flexibility in implementing Affordable Insurance Exchanges, where millions more consumers and businesses will be able to purchase coverage.

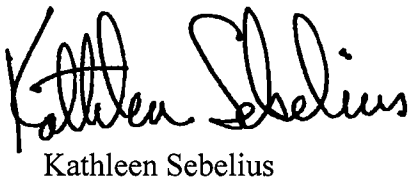
Today, HHS is announcing another important step toward putting consumers in charge of their health care with the enclosed Essential Health Benefits Bulletin. This Bulletin is intended to provide states with the approach that HHS plans to pursue in a proposed rule that we will issue in the future to define essential health benefits. Issuing this Bulletin responds to your request that we indicate our proposed approach by the end of the year. The Bulletin puts forth a comprehensive and flexible approach to ensuring high quality, affordable health plans are available to consumers and businesses. It should be helpful as you continue to prepare for the opening of an Affordable Insurance Exchange by January 1, 2014 – whether a state-based or federally-Facilitated Exchange. I invite you and other state officials as well as stakeholders to comment on this document. Your thoughts will be extremely helpful.

Under the proposed approach issued today, states would be able select a plan from among the four benchmark types listed in the Bulletin. These options would give you the flexibility to select from plans in your state that reflect the scope of services offered by a "typical employer plan" as required by statute. Each state may choose a plan that best addresses the needs of your state and reflects your insurance market.

The Essential Health Benefits Bulletin was developed after analyzing reports from the Department of Labor and the Institute of Medicine, extensive internal HHS research, and significant input from states, consumer representatives, employers, issuers, providers, and other stakeholders. As a former Governor, I recognize the impact this proposed approach may have on the provision of health care. I believe this proposed approach would build on the existing marketplace, minimize disruption, and help address the unique health challenges of different states while providing affordable and comprehensive options for individuals and small businesses.

Again, I welcome your comments and suggestions on the information that we are announcing today, and I look forward to working in continued partnership to improve the health care for all our citizens.

Sincerely,



Kathleen Sebelius

Enclosure