



April 21, 2014

Dr. Mandy Cohen
Deputy Administrator & Director
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201
Attention: CMS-9949-P

Re: CMS-9949-P: Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond

Dear Dr. Cohen:

On behalf of Covered California, our state's Health Benefit Exchange, we submit the following comments on the proposed rule for marketplace standards regarding the options for conducting eligibility determinations for exemptions. California appreciates the opportunity to comment on this important rule.

In Section 155.625 of the proposed rule, HHS proposes to eliminate after November 14, 2014, the option for state exchange marketplaces to adopt eligibility determinations for exemptions made by HHS. Prior to the release of this federal guidance, Covered California made the policy decision to use HHS's services in providing such determinations to our consumers. This proposal will place significant cost, resource and system pressure on California.

This proposal would require Covered California to develop new system functionality and business processes within a matter of months to be ready for the planned transition on November 15, 2014. Covered California did not include this functionality in our system development timeline or establishment grant funding requests. Covered California is still refining critical system functionality and developing new functionality for the upcoming renewal process, and does not have capacity to build new functionality at this time. If the proposed change to §155.625 are finalized, Covered California would have to operate a potentially costly and risky paper-based, manual exemption eligibility determination process, at least for 2015 and potentially beyond.

Adding this new function at the start of the next open enrollment period would run the risk of reducing service levels for consumers who need to renew or apply for new coverage.

In light of these concerns, we ask that HHS retain the current process for state exchange marketplaces to utilize for the foreseeable future. If HHS proceeds with eliminating this option, at minimum Covered California would need additional time to develop the exceptions process. We would ask that exchange marketplaces be given until at least November 2015 to develop these processes and that further grant funding be allocated for this purpose.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter V. Lee", with a stylized flourish at the end.

Peter V. Lee
Executive Director