



STATE OF WASHINGTON  
**HEALTH CARE AUTHORITY**

626 8<sup>th</sup> Avenue, S.E. • P.O. Box 45502 • Olympia, Washington 98504-5502

June 18, 2012

The Honorable Kathleen Sebelius  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, D.C. 20101

Dear Secretary Sebelius:

The Affordable Care Act (ACA) presents new opportunities to further partnerships between States and the Department of Health and Human Services (HHS) to make affordable, high quality health coverage available to low income individuals. Section 1331 establishes the *federal* basic health program option (BHPO) as an alternative to offering certain eligible individuals coverage through the Exchange. In Washington State the BHPO continues to be an option under strong consideration, given a long history with our own *state* Basic Health program and its robust public support.

Based on our experience, we are submitting this proposal for a workable approach to BHPO implementation that is consistent with the statute and able to demonstrate the value of the BHPO going forward. We have endeavored to provide sufficient substance so that Washington could implement the BHPO pending release of formal guidance and regulation by CMS. We recognize that this is a novel approach, but believe that it strikes an appropriate balance between the major ACA implementation workload demands confronting HHS and our state's need to have the information it needs for the Legislature to determine whether BHPO will be implemented in Washington State by January 1, 2014. We welcome your initial reactions in August and ask for ongoing conversations that will enable us to reach certification and approval by November 15, 2012. This is the latest date that still will allow completion of BHPO systems and business development in time for open enrollment beginning October 2013 and BHPO coverage beginning January 2014.

Since 1988, the current *state* Basic Health program has provided coverage for many thousands of individuals for whom there were no alternative, affordable options. Over the past 18 months our partnership with HHS, through the Washington Transitional Bridge 1115 Demonstration, has been essential to sustaining this coverage option. At the same time it continues to inform detailed planning for the transition to 2014 when most Transitional Bridge enrollees will be eligible for coverage through Medicaid, the Exchange or a BHPO. With that in mind, during the recent 2011 Legislative session, the Governor and Legislature directed the Health Care Authority to submit a report by December 1, 2012, with recommendations on whether to proceed with the implementation of a BHPO. Their goal is to leverage our experience with the current Basic Health program as affordable coverage for low-income individuals.

The Honorable Kathleen Sebelius

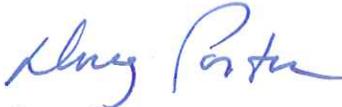
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Consistent with guidance provided in the Exchange Rules and Regulations of March 27, 2012, our preliminary design supports Washington's BHPO by leveraging operational functionality already being developed for the Exchange. For example, we expect that eligibility determination, plan selection and financial management for the BHPO will use a common Information Technology and business rules infrastructure. Detailed design discussions are occurring with our systems integrator vendor this month to finalize specifications for further development that will begin in July. During the 2013 Legislative session, concurrent with systems development, Washington's Governor and Legislature must make their final policy and funding decision on proceeding with a BHPO.

Your response to our proposal will be the key factor in that decision and will greatly inform our efforts to design and develop a BHPO that is consistent with Congressional intent and formal guidance yet to be published. I would appreciate the opportunity to discuss this further with you and your staff, and respectfully urge your immediate attention to our proposal.

Sincerely,



Doug Porter  
Director

Enclosure

cc: The Honorable Christine O. Gregoire, Governor's Office  
The Honorable Eileen Cody, House Health Care and Wellness Committee  
The Honorable Karen Keiser, Senate Health and Long Term care Committee  
Cindy Mann, Director, Centers for Medicare and Medicaid Services (CMS)  
Jonathan Seib, Executive Policy Advisor, Governor's Office