

DEPARTMENT OF INSURANCE

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Via facsimile and electronic transmission

November 14, 2013

Mr. Peter V. Lee
Executive Director
California Health Benefit Exchange
560 J Street, Suite 270
Sacramento, CA 95814

Dear Mr. Lee:

I write to urge Covered California to release all health insurers and health plans with which it has contracts from the Covered California contract provision requiring health insurers and HMOs to cancel their policies on December 31, 2013. President Obama called on health insurers today to rescind cancellation notices and to allow individuals the option to retain their existing health insurance coverage.

Neither state nor federal law requires that health insurance be cancelled December 31, 2013. Californians were told repeatedly by the federal government that they could keep their current health insurance. I have opposed these cancellations since they were first proposed by Blue Shield and other health insurers earlier this year.

When health insurers lobbied Covered California to adopt a contract provision requiring Qualified Health Plans (QHPs) to cancel all non-grandfathered individual market policies on December 31st, I voiced my opposition to Covered California adopting that requirement and I have continued to do so. Over my objections, Covered California adopted a contract provision requiring health insurers to cancel all non-grandfathered health insurance policies on December 31st.

Health insurers should not be required by Covered California to cancel their policies.

The Department of Insurance regulates the majority of individual market policies providing coverage in California today. The Department of Insurance found that the two largest health insurers we regulate, Anthem Blue Cross Life and Health Insurance Company ("Anthem Blue Cross") and Blue Shield of California Life & Health Insurance Company ("Blue Shield"), were in violation of cancellation notice requirements. We have required both health insurers, neither of which have a contract with Covered California, to offer over 200,000 policyholders contract extensions beyond December 31st.

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I urge Covered California immediately to notify all QHPs that you will not enforce the December 31st cancellation requirement in your contract with each of them.

We are all working hard to make the implementation of the Affordable Care Act as successful as possible. Covered California should immediately release health insurers and health plans from your requirement to cancel policies on December 31st, and give Californians who have done the responsible thing and purchased health insurance the opportunity to hold on to their current coverage, their doctors and their hospitals, and have adequate time to find a new product that best meets the needs of their families.

My Department and I will provide whatever assistance you need in working with the health insurers and health plans to make this happen. Thank you.

Sincerely,


DAVE JONES
Insurance Commissioner