



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

January 3, 2013

The Honorable Peter Shumlin
Governor of Vermont
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Shumlin:

I am pleased to inform you that Vermont has received conditional approval to establish a State-based Exchange. We commend Vermont 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 Vermont.

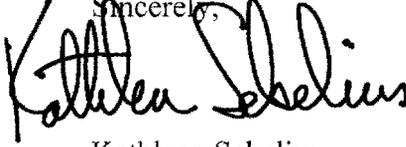
Conditional approval reflects the substantial progress Vermont Health Benefit Exchange (Vermont Health Connect) has made and an expectation that Vermont Health Connect will be ready to provide affordable, quality coverage for consumers and small businesses in 2014. The Centers for Medicare & Medicaid Services (CMS) has reached this decision based on Vermont Health Connect'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 Vermont has made in its Exchange Blueprint Application submission;
2. Comply with regulations and expected progress milestones. 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;
3. Conduct a risk assessment and develop a contingency strategy, no later than February 1, 2013, if Vermont Health Connect is not able to meet the timelines and milestones required for successful implementation of a State-based Exchange, particularly as it relates to implementation of its information technology (IT) infrastructure; and
4. Receive legislative approval for a Vermont Health Connect self-sustainability financing plan.

We recognize that Vermont is working under intense timelines and will work with you to establish benchmark dates that are appropriate and will allow us to jointly monitor Vermont's progress.

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CMS will continue its work with all Exchanges, including providing more detailed information directly to your State Exchange, Vermont Health Connect.

Sincerely,

Kathleen Sebelius