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**Comments of Mr. John McInerney  
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Mr. Chairman, members of the Committee, we strongly agree with the VHRI recommendation that the Exchange be set up as a "quasi-governmental" entity similar to the VHDA. The vote on that was 11-3 in favor and at least 20 other organizations have publicly supported the "quasi-governmental" structure, including major health insurers like Kaiser Permanente, United Healthcare and Virginia Premier. The "quasi governmental" structure would give the Exchange the flexibility it needs to operate as a business enterprise. Such a structure would allow the Exchange to be exempted from state hiring guidelines to ensure the best talent is recruited, and allow for exempts from state procurement to avoid start-up delays. In addition, a Governance Board would be created to represent various stakeholders and ensure transparency.

While the BOI will play an important role in certifying health plans in the Exchange, the BOI has no experience or expertise in creating or operating a new insurance marketplace. Furthermore, such a marketplace will need to place greater emphasis on customer service, the development of sophisticated IT systems, data sharing, and interaction with Medicaid, FAMIS and the IRS. These needs fall outside the scope and expertise of the BOI, which is to regulate health plans and insure the solvency of market participants.