Draft Principles
Funding source should provide a level field that promotes competition and participation. Transparency, oversight and accountability must be provided for Exchange funds.

1) Fairness
   a) Those that benefit should pay
   b) Combination of mechanisms should be used to reflect diversity of beneficiaries
   c) Funding mechanism should be fair – payment should be relative proportionally to the benefit

2) Market Impacts
   a) Funding mechanism should not create adverse selection (separation of healthy and less healthy people into different insurance arrangements or the tendency of less healthy populations to seek coverage.)
   b) Funding mechanism should not discourage product and market innovation
   c) Funding mechanism should not discourage participation

3) Public Accountability
   a) Funding mechanism should be transparent
   b) The Exchange is a broad based public good and should have a broad based public support
   c) State funding resources used for the Exchange require public oversight
   d) Funding resources need to have oversight and accountability to the public and the payers

4) Stability
   a) Funding resource needs to be sustainable over time

5) Funding resource needs to be reliable/predictable.

6) Simplicity
   a) Existing taxes and surcharges should be utilized prior to new tax
   b) Funding resource easy to administer within the Exchange