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College of Public Health

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December, 18, 2012
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attention: CMS-9972-P
P.O. Box 8012
Baltimore, MD 21244-1850
By electronic submission at http://www.regulations.gov

RE: CMS-9972-P, Proposed Rule: Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review.

To Whom It May Concern:

The Rural Policy Research Institute Health Panel (Panel) was established in 1993 to provide science-based, objective policy analysis to federal policy makers. The Panel is pleased offer comments regarding the Department's Notice of Proposed Rulemaking to implement the new Health Insurance Market Rules consistent with the Affordable Care Act.

The Panel understands that CMS will receive comprehensive comments from a wide variety of sources. Thus we will limit our comment to rural-specific issues.

PROPOSED RULE: Proposed 45 CFR 147.102(b)(3) presumes a state's rating areas are adequate if there is one rating area for the entire state, or are no more than seven rating areas based on counties, three-digit zip codes, or metropolitan/non-metropolitan statistical areas.

COMMENT #1: Separating metropolitan and non-metropolitan areas as independent rating areas creates the potential to segment populations in a way that could raise rates for rural populations in comparison to populous urban areas. While more than one rating area in a state may be appropriate, the potential adverse effect created by segmenting rural from urban populations is reason to require that states provide actuarial justification, with specific analysis of causal factors, supporting rating areas, for separating metropolitan and non-metropolitan areas.

As state analyses supporting rating areas become public record as part of the rating area certification process, CMS and others will have data necessary to adjust policies that might level the playing field across apparent market differences within each state, creating more equity in access to affordable insurance coverage.

SUGGESTED LANGUAGE in 147.102(b)(3)(ii): delete "or metropolitan statistical areas/non-metropolitan statistical areas."

COMMENT #2. We also propose that there be some minimum population number for any rating area. Our concern is that rural areas, while large in geography can be low in population. Without a sufficiently large-sized risk pool of lives, a geographic risk pool composed primarily or exclusively of rural locations could be too small to be actuarially valid. Presuming that up to seven rating areas are adequate as proposed by 147.102 b(3)(i) could result in small, unstable rating areas in rural states with small populations.

SUGGESTED LANGUAGE to add to 147.102(b)(3) in italics: "A state's rating areas will be presumed adequate if one of the following requirements are met *and each rating area includes at least 100,000 lives*:"

Sincerely,

The Rural Policy Research Institute Health Panel

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