



Rural Health Panel

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December 21, 2015

Centers for Medicare and Medicaid Services Department of Health and Human Services
Attention: CMS-9933-IFC
P.O. Box 8016
Baltimore, MD 21244-8016
By electronic submission at <http://www.regulations.gov>

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 interim final rule regarding the Consumer Operated and Oriented Plan Program.

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. We focus on the CO-OP Program, part 156. Before our comments specific to the rule we provide background regarding the importance of the CO-OP program to expanding health plan options in rural regions of the country.

Background

The goal of making affordable health insurance coverage available to purchasers in the individual and small group markets is addressed by the Patient Protection and Affordable Care Act (ACA) using a market design, which presumes competing health plans in the health insurance marketplaces (HIMs). Considerable evidence, including a recent publication from the RUPRI Center for Rural Health Policy Analysis,¹ demonstrated that the number of plans decreased, the rate of premium growth increased. That document noted an urban-rural difference in the number of firms available: an average of 4.2 firms offered coverage in the HIMs in urban counties, while only 3.2 firms offered plans in rural counties. Further, while premiums grew in all rating areas from 2015 to 2016, the rate of increase was demonstrably higher in rural areas (as measured by population density). For most people accessing the HIMs, premiums may have remained affordable because of premium subsidies, but the increase in premiums is nonetheless concerning, because some people pay these higher premiums without subsidies, and as family income increases, the size of the subsidy drops, and the taxpayer bears whatever subsidy costs the consumers do not bear. Analysis by the RUPRI Center also shows that competition is most threatened in areas where firm choices drop below four plans in an area, so

¹ AR Barker, TD McBride, LM Kemper, and KJ Mueller (2016) "Health Insurance Marketplaces: Premium Trends in Rural Areas." *Rural Policy Brief* 2016-1. June. Accessed from www.ruprihealth.org.

particular concern should be given to Co-Ops that may leave areas with a relatively small number of firms choices.

Researchers at the Maine Rural Health Research Center have shown that CO-OPs provide competing plans for rural places and are more likely to offer the lowest price silver plan in rural counties than in urban counties.² In 2014 and 2015 CO-OPs represented a larger share of plan options available in rural than in urban counties. Further, the rate of increase in premiums charged by CO-OPs has been lower than other plans.

The Panel concludes, based on these and other studies that CO-OPs have helped expand affordable plan options for rural residents. Therefore, steps that increase the likelihood that CO-OPs can achieve financial sustainability will benefit rural residents.

Comments on interim final rule

Section 156.505: The Panel supports the change in definitions to expand eligibility criteria for CO-OPs' board of directors. This change will better position CO-OPs to compete in insurance markets, including in markets outside of Health Insurance Marketplaces, by incorporating additional expertise in the governing structure.

Section 156.515: As stated in the documentation accompanying the final rule, this change will facilitate an expansion of CO-OP activity into new lines of business. This could help stabilize the finances of CO-OPs, particularly as they gain experience in new health insurance marketplaces.

The Panel appreciates the opportunity to address concerns about network adequacy in these comments.

Sincerely,

The Rural Policy Research Institute Health Panel

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² EC Ziller, Z Croll, and AF Coburn (2016) "Health Insurance CO-Ops: Product Availability and Premiums in Rural Counties." *Research & Policy Brief* Maine Rural Health Research Center. PB-66. June. Accessed from www.usm.maine.edu/muskie/cutler/mrhrc.