



March 12, 2012

Gary Cohen
Director, CCIIO Office of Oversight
Centers for Medicare & Medicaid Services (CMS)
U.S. Department of Health and Human Services
ATTN: CMS -10418
Baltimore, MD 21244-8010

Re: State-Specific Thresholds for Rate Review

Dear Mr. Cohen:

AARP is pleased to submit comments regarding the March 2, 2012, Discussion Draft (Discussion Draft #2, State-Specific Thresholds – Recommended Approach) which describes a proposed process for establishing state-specific rate review thresholds. AARP has long advocated for insurance reforms resulting in both cost-effective and higher quality care. In general, we have supported the approach by HHS to implement the rate review requirements contained in the Affordable Care Act (ACA), including using a 10% national threshold as the trigger for rate review.

This Discussion Draft outlines a potential approach for states to establish a rate review threshold that is either higher or lower than the 10% standard. States should be given some flexibility to customize their rate review program, but only to a reasonable extent. It is critical to consumers that any state deviation is grounded in relevant data and be justifiable based on the state's unique insurer and provider market dynamics.

We believe requests to increase the review threshold above 10% should be subject to higher scrutiny beyond what is required when requesting a lower threshold. We appreciate the desire of some states to minimize the resources expended on rate reviews that are ultimately deemed reasonable. From a consumer's perspective, however, it is more important to prevent the implementation of unreasonable rate increases. As many states are operating under budget challenges in the current economic climate, it is understandable that they may find it beneficial in the short term to raise the review threshold above 10% in order to reduce review volume and save on administrative costs. Unfortunately, this would amplify the risk to consumers, as unreasonable rate increases would avoid detection and discussion.

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AARP supports HHS's proposed list of analytic and policy items that should be considered in evaluating state requests to implement an alternate threshold. With respect to evidence of gaming by the industry, AARP reiterates its suggestion that cumulative reasonable increases over multiple years should be considered both when reviewing individual plan rate increases and when determining whether a state threshold move is justified. An annual increase in rates might be reasonable in a single year, but not when taken into account against a longer term trend of year to year increases.

Finally, as we mentioned in our comments on the rate review proposed rule, AARP urges HHS to closely monitor rate increases within plans in large group markets across the country to re-validate the determination that these plans do not need to be included in the state rate review process.

Thank you for the opportunity to comment on this discussion draft. If you have questions, please contact Leah Cohen Hirsch on our Government Affairs staff at (202) 434-3770.

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner", with a long horizontal flourish extending to the right.

David Certner
Legislative Counsel & Legislative Policy Director
Government Affairs