



October 19, 2011

Honorable David Black
Director
South Carolina Department of Insurance
P.O. Box 100105
Columbia, SC 29202-3105

Re: Effective Rate Review Program Determination for Association Products

Dear Director Black:

Section 2794 of the Public Health Service Act, as added by the Affordable Care Act requires the Secretary of Health and Human Services, in conjunction with the States, to establish a process for review of "unreasonable increases in premiums for health insurance coverage." The final rule implementing section 2794, at 45 C.F.R. §154.210(b), provides that the Center for Medicare & Medicaid Services (CMS) will adopt a State's determination regarding the reasonableness of a proposed rate increase if the State meets the criteria for an Effective Rate Review Program listed in 45 C.F.R. §154.301. The final rule was amended in September 2011 (76 Fed. Reg. 54969, September 6, 2011), to provide that non-grandfathered coverage which would be regulated as individual or small group market coverage if it were not sold through an association is subject to rate review as individual or small group market coverage.

As a result of the amendment, the Center for Consumer Information and Insurance Oversight (CCIIO) has reviewed your state laws and regulations and any information and documentation you made available in communication with our staff about your agency's authority to review association products that, effective November 1, 2011, will be subject to the provisions of 45 C.F.R. Part 154. Based on this review, we have determined that, in accordance with the criteria set forth in 45 C.F.R. §154.301, South Carolina has an Effective Rate Review Program for all association product types in both the individual and small group markets.

We applaud your efforts to provide your State's insurance consumers with an Effective Rate Review Program for association coverage and we encourage all States to continue their efforts to ensure that rates charged to health insurance consumers in their State are reasonable.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Larsen", is written over a horizontal line.

Steve Larsen, Director
Center for Consumer Information and Insurance Oversight