



The Advocate of South Carolina Small Business
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January 6, 2011

Mr. Jay Angoff, Director
Office of Consumer Information and Insurance Oversight
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: Section 1322 of the Affordable Care Act

Dear Director Angoff:

Thank you for the opportunity to offer our comments to the Consumer Operated and Oriented Plan (CO-OP) Advisory Board. We appreciate the important work of the Board and the Department to craft a successful implementation strategy to foster the creation of qualified nonprofit health insurance issuers.

The South Carolina Small Business Chamber of Commerce is a 5000+ member advocacy organization that supported the passage of the Affordable Care Act (ACA). While many of our state officials have both vocalized and taken action in opposition to the ACA, many small businesses across our state have already taken advantage of components of the ACA and most look forward to utilizing the soon to be implemented insurance exchange.

Our organization has brought together numerous trade associations very much interested in exploring the possibility of establishing a qualified nonprofit health insurance insurer. One of these nonprofit groups, the South Carolina Primary Health Care Association, is interested in both being a provider to and a user of this new nonprofit health insurance entity.

The state of South Carolina has not yet decided whether to create its own insurance exchange or default to the federal government. If the state opts to create its own exchange, it is clear that it would be more in line with the laissez faire Utah approach. In such a scenario, simply allowing insurance carriers to post their policy specifics and rates will not change the dynamics that have given our state a one-carrier dominated state. Only a nonprofit health insurance CO-OP offers hope that an exchange will provide significant competition to yield savings for small businesses.

If the federal government is handed the responsibility to create the insurance exchange for our state, a nonprofit health insurance CO-OP would still be important, as well as required, to provide the greatest opportunity for small businesses to benefit from the ACA.

As mentioned earlier, the interest of South Carolina small businesses exploring the creation of a nonprofit health insurance CO-OP has been demonstrated. The former director of South Carolina State Employee Health Plan believes that a small business health insurance CO-OP would be successful in our state but a feasibility study would be required to verify his opinion.

Unfortunately, our coalition of small businesses does not have the resources to commission a feasibility study or secure the consulting services that we need to move forward in an expeditious manner with preparing a proposal for funding. While funding is essential, it must be in the form of a planning grant. Any discussion of a loan for this purpose will stop our efforts immediately.

In addition to planning funds, timing is also critical. For a health insurance CO-OP to be in place and functioning on or before January 1, 2014, will require a planning grant to be obtained in 2011. Due to the uniqueness of this effort in our state, we anticipate that it will take considerable time to conduct a feasibility study to determine the potential success of a health insurance CO-OP before real planning and preparation can take place.

Thank you for the opportunity to offer our thoughts in this very important matter. I am available for further discussions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank Knapp, Jr.", written in black ink.

Frank Knapp, Jr.
President & CEO