

April 6, 2011

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue S.W.
Washington DC 20201

Dear Secretary Sebelius:

We write to express concern about the proposal in the President's FY 2012 Budget Request to transfer the State Health Insurance Assistance Program (SHIP) from the Centers for Medicare & Medicaid Services (CMS) to the Administration on Aging (AoA). Although details of the proposal have not been made available, we write to express our strong concern about how this proposal may impact SHIPs successfully operating within state departments of insurance.

As you know, approximately one-third of SHIPs currently operate within state departments of insurance, while the AoA currently works primarily with state units on aging where the majority of the remaining programs are administered. When SHIPs were first established, each state made the decision as to where to house its SHIP based on each state's unique needs, available resources, and priorities. The National Association of Insurance Commissioners (NAIC) is opposed to any effort which would require states to move SHIPs out of the departments of insurance or would alter the relationship of the SHIPs currently located in the departments of insurance with the national SHIP program.

Over the years, the existing SHIPs have accumulated great expertise and resources, and have built strong networks in states and local communities. While we understand the Administration's goal of aligning coordinated services for elderly individuals at the national level, any effort to move SHIPs out of state departments of insurance would be a significant step backwards in providing timely and effective counseling and assistance to the important and growing population served by SHIPs.

The main focus of SHIPs are to handle health insurance issues and complaints related to Medicare, Medicaid, Medigap and long-term care insurance. The work of SHIPs is not limited to aging issues. SHIPs housed within state departments of insurance uniquely benefit from the expertise and resources available to insurance regulators, and are able to address consumer complaints quickly and effectively. In many instances, state departments of insurance have been able to commit additional funding for the SHIP program that would not otherwise be available. SHIPs within departments of insurance also work closely with their state's aging network.

Should you move forward with this proposal, we urge you to maintain states' authority to maintain SHIPs within state departments of insurance and preserve the accumulated expertise, networks and additional resources of these SHIPs.

In addition, state insurance regulators have some additional concerns about the proposed move of the SHIP program away from CMS. We believe that the SHIP program has benefited greatly from timely access to Medicare and Medicaid information, Medicare prescription drug plan sponsors, expedited access to Medicare assistance, and other resources afforded to SHIPs due to their relationship with CMS. CMS has also been able to devote significant resources for training, communication, and support solely for SHIPs. We would be concerned with changes to the program that would undermine the current resources available to SHIPs at the national level, or would dilute the current dedicated support for SHIPs.

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We hope you consider these concerns as you make decisions about this proposal. Consumer education is a top priority for state insurance regulators. We look forward to continuing to partner with you to ensure timely and effective consumer assistance and counseling.

Sincerely,



Kevin McCarty
Florida Insurance Commissioner
NAIC President-Elect
Senior Issues (B) Task Force Chair



Sandy Praeger
Kansas Insurance Commissioner
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cc:

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