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Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-9983-P
P.O. Box 8010
Baltimore, MD 21244-8010

To the Committee:

The concern held by the Department of Health and Human Services over the lack of consumer choice in the area of health insurance is one that is shared by many Americans.

However, no government loan program—and certainly not the Consumer Operated and Oriented Plan (CO-OP) program—can bring about a positive and meaningful resolution when the program's structure, decision-making, and direction are not subject to the discipline of the market.

The government intends to furnish untested and highly risky insurance startups with \$3.8 billion in loans with the goal of creating a new CO-OP in every state. Section 1322(c)(2) of the Affordable Care Act (ACA) specifically excludes organizations that have the best prospects of being able to repay said loans—profitable insurers who have longstanding business operations. The rate of failure among these organizations, and thus the rate of default, is practically guaranteed to be higher than it otherwise would be in a free market.

In short, if the CO-OP value proposition was in fact as attractive as the government supposes it is, then private investors would already be flocking to it.

Thus we ask that CMS *reject* the recommendation from the Advisory Board that initial loans be rolled out as expeditiously as possible, and instead delay implementation until after the constitutionality of the ACA is decided by the Supreme Court; and that graduated repayments (i.e., balloon payments) by CO-Ops not be allowed, so as not to allow CO-OP debts to accumulate at the expense of taxpayers.

Thank you,

Jared M. Rhoads