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## Health Care CO-OPs Continuing to Develop, Create New Form of Affordable and Accountable Health Insurance for Americans

*CO-OPs highlight progress in response to recent inquiries from Members of Congress*

HELENA, MT – Today, the National Alliance of State Health CO-OPs (NASHCO) highlighted its members' progress in developing a new approach to health insurance and addressed recent requests by some Members of Congress for HHS to provide more information about the CO-OP loan program. Individual CO-OPs, which began forming after the passage of the Affordable Care Act in 2010, have now signed loan agreements totaling \$845 million to operate innovative consumer-governed health insurance companies in 10 different states. Interest groups have formed in at least 25 others, and [nearly 150 people attended NASHCO's second annual conference](http://www.prnewswire.com/news-releases/national-alliance-of-state-health-cooperatives-hosts-representatives-from-co-ops-health-care-experts-at-2nd-annual-conference-142096833.html), (<http://www.prnewswire.com/news-releases/national-alliance-of-state-health-cooperatives-hosts-representatives-from-co-ops-health-care-experts-at-2nd-annual-conference-142096833.html>) which was held in March.

NASHCO has drafted a question and answer document to address issues raised by House and Senate Members, as well as response letters addressed to signatories of the initial requests to HHS. Both are attached to this release.

**“From the early stages of the health care debate, CO-OPs were a bipartisan idea and they are being implemented by leaders from across the political spectrum,”** said NASHCO president John Morrison. **“We look forward to continuing this strong foundation, and would urge elected officials who opposed the Affordable Care Act to focus on the positive benefits CO-OPs will provide for Americans once they are operational in 2014. We fully support Congress’s very important oversight role, and welcome its interest in the CO-OP program as we develop an affordable and accountable alternative to traditional health insurance.”**

Section 1322 of the Affordable Care Act created the CO-OP program and appropriated \$3.4 billion in start-up and solvency loans towards their development. The CO-OP idea was advanced by Senator Kent Conrad (D-ND) as an alternative to the public option and received bipartisan praise, [including from Senator Mike Enzi \(R-WY\)](http://www.politico.com/blogs/glennthrush/0809/Enzi_urges_open_mind_on_coops.html), ([http://www.politico.com/blogs/glennthrush/0809/Enzi\\_urges\\_open\\_mind\\_on\\_coops.html](http://www.politico.com/blogs/glennthrush/0809/Enzi_urges_open_mind_on_coops.html)) the ranking member of the Senate Health, Education, Labor, and Pensions Committee. A health care CO-OP will be governed and run by its members, who will form a majority of the board of directors. Unlike traditional insurance, however, any profits earned will be used to either lower premiums or to improve benefits.

[The first CO-OPs were awarded loans in February](http://www.prnewswire.com/news-releases/the-national-alliance-of-state-health-cooperatives-applauds-initial-round-of-health-co-op-funding-139866053.html), (<http://www.prnewswire.com/news-releases/the-national-alliance-of-state-health-cooperatives-applauds-initial-round-of-health-co-op-funding-139866053.html>) with a second group receiving funding several weeks later. Funded CO-OPs are currently located in Iowa, Maine, Montana, Nebraska, New Jersey, New Mexico, New York, Oregon, South Carolina, and Wisconsin. Additional loan announcements are expected throughout 2012. CO-OPs have a target operational date of January 2014, when the state-based exchanges go live.

The CO-OPs are subject to a rigorous application and selection process through HHS, which focuses heavily on their ability to obtain private funding and operate independently of government support. The CO-OPs must present detailed and extensive business plans before obtaining federal loans for start-up and solvency expenses (which must be repaid within 5 and 15 years, respectively), and must adhere to all state laws governing health care insurers. Loan proceeds are distributed by HHS to approved CO-OP projects gradually, based on verified achievement of business plan milestones. HHS has explained that mitigating risk to taxpayers was and is one of the administration's top priorities during the entire application process.

**“When CO-OPs are fully operational in 2014, Americans will have more consumer-focused health insurance options, a goal nearly everyone shares and supports,”** Morrison continued.

*Following the passage of the Affordable Care Act in 2010, The National Alliance of State Health CO-OPs (NASHCO) was organized as a nonprofit corporation to promote the development and success of the health co-op movement. NASHCO is the only association of state-based health cooperatives, and all currently-funded health CO-OPs are members of NASHCO, and most of the CO-OP projects underway across the United States are active in NASHCO as well. The organization is composed of dedicated teams of volunteers throughout the nation seeking to establish a new way of accessing care using the cooperative governance model.*

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