

U.S. House and Senate Notification
Friday, May 18, 2012

To: Congressional Health Staff

From: Lauren Aronson
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: New Support for Consumer-Driven, Nonprofit Health Plan in Nevada

Today, the Centers for Medicare & Medicaid Services (CMS) awarded a loan to Hospitality Health CO-OP in Nevada to launch a new private non-profit, consumer-governed health insurance company, called a Consumer Operated and Oriented Plan (CO-OP). CO-OP loans are only made to private, nonprofit entities that demonstrate a high probability of financial viability. All CO-OPs receiving loans were selected by CMS on a competitive basis based on external independent review by a multi-disciplinary team. Only when CO-OPs meet or exceed developmental milestones are funds allowed to be incrementally drawn down.

Hospitality Health CO-OP has been awarded \$65,925,396.

Created by the Affordable Care Act, the CO-OP Program encourages eligible groups to create new, innovative and consumer-responsive health insurance companies to increase competition in the individual and small business markets. Beginning in 2014, CO-OPs will offer plans through the Affordable Insurance Exchanges.

In addition to giving consumers more choices and improving competition in their States, as consumer-run insurers, CO-OPs will operate differently from traditional insurance companies. More than half of the Board of Directors must be the customers or members of the CO-OP, and all directors must be elected by a majority vote of the members, improving accountability and transparency. Under the Affordable Care Act, profits gained by a CO-OP must go directly back to their enrollees, to be used to lower premiums, expand benefits, or improve quality.

In addition to Nevada's Hospitality Health CO-OP, a CO-OP loan was also awarded in Michigan to Michigan Consumer's Healthcare CO-OP today. Previously, ten organizations were awarded loans that plan to offer coverage in ten states.

For more information on the CO-OP program and recent awardees, please visit:
<http://www.healthcare.gov/news/factsheets/2012/02/coops02212012a.html>.

Please find attached a press release regarding this announcement. If you have any questions, please contact the CMS Office of Legislation at 202-690-8220. Thank you.