ADRIAN SMITH
THIRD DISTRICT, NEBRASKA

http://adriansmith.house.gov

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON TRADE

SUBCOMMITTEE ON HEALTH

Congress of the United States
House of Representatives
Washington, DC 20515

January 23, 2015

The Honorable Sylvia Burwell
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Burwell:

I am writing in regards to CoOportunity Health, one of twenty-three Consumer Operated and Oriented Plan Programs (CO-OP) created through the Affordable Care Act (ACA). As you know this ACA created program has awarded $2 billion in federal loans to establish health insurance plans. Democrats included CO-OPs in the ACA as an alternative to the "public option."

One main concern raised about these CO-OPs from their inception was their financial solvency. Initial start-up funding for the CO-OPs came from low interest government loans with 5 years provided to repay. The government also provided solvency loans with fifteen year repayment periods. CoOportunity Health, which services beneficiaries in Iowa and Nebraska, received approximately $146 million in federal loans.

On December 23, 2014, the Iowa Insurance Commissioner submitted a petition for an Order of Rehabilitation of CoOportunity Health. The company was taken over by the state and now faces liquidation. Approximately 120,000 of CoOportunity Health's customers, who are mostly in Nebraska, have been strongly encouraged to switch carriers by February 15, 2015 or risk not having coverage until the next open enrollment period.

I am extremely concerned about this situation for Nebraskans needing health coverage and for the taxpayers who have seen millions of dollars lost and millions more at risk. Because of this situation, I respectfully request a response to the following questions:

1. Will the open enrollment period be extended for CoOportunity customers who have been encouraged to shop for an alternative carrier?

2. If a CoOportunity customer has not enrolled with another carrier by February 15, 2015 and the company is liquidated, what options will they have to obtain insurance?

416 VALLEY VIEW DRIVE
SUITE 600
SCOTTSBLUFF, NE 69361
(308) 633-6333
FAX: (308) 633-6335

2241 RAYBURN HOB
WASHINGTON, DC 20515
(202) 225-6435
FAX: (202) 225-0207

1811 WEST SECOND STREET
SUITE 275
GRAND ISLAND, NE 68803
(308) 384-3900
FAX: (308) 384-3902

PRINTED ON RECYCLED PAPER

3. Should CoOportunity be liquidated, will they be required to pay back any of their federal loans? If so, how?

4. Is the failure of CoOportunity in part due to CO-OPs having to set artificially low premiums to attract customers, risking insolvency with higher than expected enrollment numbers or claims?

5. How much funding was requested for assistance by CO-OPs in 2014? How much was available?

6. Are any other CO-OPs currently at risk of failure? Which ones, and what are you doing to monitor their financial stability and limit the risk to tax payers?

I recently learned a second CO-OP, Community Health Alliance, located in Tennessee has also suspended enrollment. This is an extremely unfortunate situation and I fear one more example of how the ACA is failing. Americans were promised they could keep the insurance they had and liked, now we are seeing they cannot even keep the insurance this law created. Because open enrollment is coming to an end, I respectfully request a response by February 2, 2015.

I appreciate your attention to this matter and look forward to working with you to ensure people have access to affordable health care.

Sincerely,

Adrian Smith
Member of Congress

AMS/mb