



CMS NEWS

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New Support for Consumer-Driven, Nonprofit Health Plan in Connecticut

The Centers for Medicare & Medicaid Services (CMS) today issued a loan to HealthyCT in Connecticut 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.

Created by the Affordable Care Act, CO-OPs encourage eligible 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.

“CO-OPs will promote competition and give consumers more health insurance choices,” said Marilyn Tavenner, CMS Acting Administrator. “These new private nonprofit insurers will be run by consumers and are designed to offer individuals and small businesses more affordable, consumer-friendly and high-quality health insurance options.”

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.

To ensure CO-OPs are truly new entities, the health care reform law prohibits any State-licensed health insurance company that existed on July 16, 2009 from qualifying for the CO-OP program.

CMS will closely monitor CO-OPs to ensure they are meeting program goals. To ensure strong financial management, CO-OPs are required to submit quarterly financial statements, including cash flow and enrollment data, receive site visits, and undergo annual external audits. This monitoring is concurrent with the financial and operational oversight by State insurance regulators. The CO-OPs are required to meet State and federal standards for qualified health

plans to sell coverage through the Exchanges and the State's Small Business Health Option Programs (SHOP Exchanges).

In addition to Connecticut's HealthyCT, a CO-OP loan was awarded in Arizona to Compass Cooperative Health Network today. Previously, 12 organizations were awarded loans that plan to offer coverage in 12 states.

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

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