

# United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

February 9, 2015

## VIA ELECTRONIC TRANSMISSION

The Honorable Marilyn Tavenner  
Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Administrator Tavenner:

We are writing about the failure of CoOpportunity, and the predicament it presents for thousands of our constituents who now face uncertainty about their health care coverage. CoOpportunity was one of 23 Consumer Operated and Oriented Plans, or co-ops. The co-ops were established through a federal loan program with a goal of providing competitive health plans for individuals and small groups.

CoOpportunity, the co-op operating in Iowa and Nebraska, enrolled over 100,000 people in insurance plans. It was the second highest enrollment number of any co-op. Unfortunately, this number was much higher than anticipated and as a result, CoOpportunity faced significant financial pressures. Both CoOpportunity and the Iowa Insurance Division (IID) informed CMS multiple times that without additional funding, the co-op could not continue to operate. In December 2014, CMS announced that it would give no more funding to CoOpportunity. Subsequently, CoOpportunity was taken over by IID on December 24, 2014 and is in the process of liquidation.

As a result of the failure of CoOpportunity, individuals who enrolled through the co-op now face a difficult decision. They can stay on their co-op plan, but not receive any of the federal tax credits to help pay for their coverage. Or, they can cancel their plans and try to find new health insurance. Neither of these options is acceptable for people who have already paid deductibles, co-pays, and other out of pocket costs for their CoOpportunity plans. For constituents who have already paid thousands of dollars towards their deductibles, it is simply not feasible for them to get a new plan and then have to pay thousands of dollars again towards the new deductible.

As the agency tasked with reviewing, approving rates, and funding co-ops, CMS has a responsibility to solve this problem. It is unacceptable that individuals are not only losing their insurance, but are also losing all of the deductibles they already paid for their plans. Had CMS made funding decisions for the co-ops prior to the start of open enrollment, CoOpportunity would not have been on the Marketplace and these individuals would not be facing their current predicament.

The American taxpayers have paid \$2 billion for co-op funding. As the regulator of CoOpportunity and the other co-ops, CMS has an obligation to taxpayers to ensure that the programs were successful. It also has an obligation to be transparent with the co-ops. It appears that CMS failed on both of these.

Accordingly, please provide the following information:

1. What is CMS's obligation to people who have paid out their deductibles and other out of pocket costs towards their CoOpportunity plans?
2. Does CMS plan to reimburse them for these costs if they chose a new qualified health plan? If yes, please specify how individuals can obtain reimbursement. If no, please explain why not.

Thank you for your attention to this matter. We expect a response as soon as possible, but no later than February 23rd. If you have any questions about this request, please do not hesitate to contact Tegan Millspaw with Senator Grassley's Judiciary Committee staff at (202) 224-5225, Liz Ruth with Senator Fischer at (202) 224-6551, and Andrea Hechavarria with Senator Ernst at (202) 224-3254.

Sincerely,

  
Chuck Grassley  
U.S. Senator, Iowa

  
Deb Fischer  
U.S. Senator, Nebraska

  
Joni Ernst  
U.S. Senator, Iowa