



## The National Alliance of State Health Cooperatives Applauds Initial Round of Health CO-OP Funding

Health Care Cooperatives Promise to Increase Access To High Quality, Affordable Health Care for All Americans

HELENA, Mont., Feb. 21, 2012 /PRNewswire/ -- The National Alliance of State Health Cooperatives (NASHCO) applauded today's U.S. Department of Health and Human Services (HHS) announcement that \$638,677,300 is being invested by the agency in seven health cooperatives serving eight different states. This is the initial round of federal loans to support these innovative cooperatives, which were established in Section 1322 of the Affordable Care Act. Several more funding announcements from HHS are anticipated throughout the year as more state-based cooperatives submit applications.

**"Today's announcement marks an important step toward providing access to high quality, affordable health care and wellness benefits to ALL Americans,"** said John Morrison, President of NASHCO and former Montana Insurance Commissioner. **"Tens of millions of Americans remain uninsured and businesses are buckling under the crushing cost of health insurance. CO-Ops represent an innovative, free enterprise solution to the health coverage crisis. Health care CO-OPs, combined with the state-based health care exchanges that will launch in the 2013-2014 timeframe, hold great promise for all Americans."**

Functioning similarly to existing co-ops for electricity, agriculture, and credit unions, health care CO-OPs will provide health insurance to individuals and small businesses which currently have a difficult time obtaining or affording quality health care and wellness benefits. 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 formation of health care CO-OPs will help drive cost savings, enhance competition in the newly-created state-based exchanges, and provide choice in markets traditionally dominated by one or few insurance companies.

**"Today's loan announcement provides an opportunity for CO-OPs across the United States to create a new form of health insurance that is more accessible, accountable, and consumer-governed,"** said Dr. Tom Roberts, Chairman of the Montana Health Cooperative in Helena, Montana. **"We are very excited about the prospects of providing more choice in the Montana health insurance market by creating an innovative system based on a proven idea. I am confident the CO-OPs receiving funding today will provide a viable and affordable alternative to existing health care plans."**

**"It is time to place consumers back in the center of the health insurance system. We hope to restore real competition that is truly responsive to consumer and small-business needs for affordability and improved health,"** said Dave Lyons, Cliff Gold and Steve Ringlee, the founders of Midwest Members Health serving Iowa and Nebraska.

**"Physicians are excited about the opportunity to work with CO-OP health plans because they are committed to involving consumers in using the health care system more effectively to improve their health,"** said Dr. David Carlyle, a family physician from Ames, Iowa who served on the HHS Advisory Committee on CO-OPs.

\$3.4 billion has been appropriated for Start-up and Solvency loans for qualifying CO-OPs. Start-Up loans must be repaid within 5 years, while Solvency loans must be repaid within 15. In the initial round of applications, preference was given to applicants that demonstrate plans to operate in states with no other qualified applicants; use an integrated care model; use innovative reimbursement models; are able to accept enrollment applications by October 2013; have private support; and operate statewide over time.

**"We are excited to support the health insurance CO-OPs,"** said Marilyn Tavenner, Acting Administrator of the Center for Medicare and Medicaid Services (CMS). **"CO-OPs will promote competition in the insurance market and respond well to the health care needs of Americans."**

Organizations receiving funding in the initial round of loan disbursements are:

Freelancers CO-OP of Oregon  
New Mexico Health Connections  
Montana Health Cooperative

Midwest Members Health (Iowa and Nebraska)  
Common Ground Healthcare Cooperative (Wisconsin)  
Freelancers CO-OP of New Jersey  
Freelancers Health Service Corporation (New York)

In addition, NASHCO will hold its second annual conference in Washington, D.C. on March 9th. The conference will bring together representatives from state-based CO-OPs, health care experts, and public health officials. For more information about the conference, please visit [www.nashco.coop](http://www.nashco.coop).

*Following the passage of the Affordable Care Act in 2010, The National Alliance of State Health Cooperatives (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. It 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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