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United States Senate

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September 28, 2015

The Honorable Sylvia Matthews Burwell
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Burwell:

In light of the recent failures of Louisiana Health Cooperative Inc., CoOpportunity Health in Iowa and Nebraska, and Nevada Health CO-OP, I write to inquire about the financial solvency of Colorado HealthOP and its ability to repay its federal loans.

The Affordable Care Act (ACA) created Consumer Operated and Oriented Plans, known as CO-OPs, as an alternative to private insurance plans. To assist the newly created CO-OPs in entering the market, these CO-OPS would be awarded \$6 billion in federally funded loans, including a \$72.3 million loan to Colorado's CO-OP, Colorado HealthOP. To qualify for these designated loans all awardees had to demonstrate an ability to achieve profitable margins.

A 2015 report by the Health and Human Services Office of Inspector General found that the majority of CO-OPs did not meet their initial enrollment and profitability projections. It also found, "The low enrollments and net losses might limit the ability of some CO-OPs to repay startup and solvency loans and remain viable and stable." Financial statements from the first nine months of 2014 show that Colorado HealthOP had a net loss-to-surplus ratio that was more misaligned than CO-OPs that have recently been liquidated.

In accordance with the statute, the Centers for Medicare & Medicaid Services (CMS) is responsible for oversight of the newly formed CO-OPs, which are expected to repay startup and solvency loans with interest. Unfortunately, in the case of Louisiana Health Cooperative Inc., CoOpportunity Health in Iowa and Nebraska, and Nevada Health CO-OP, CMS neglected its responsibility and did not identify these CO-OPs for early intervention. Due to this lapse of judgement, approximately \$277 million in taxpayer dollars will never be paid back to the American people.

Considering the recent CO-OP closures, what metrics has your agency put into place as a basis to determine which CO-OPs are underperforming? Has Colorado HealthOP been meeting its application projections, or has it been placed on boosted oversight by your agency? Are there other metrics you consider to determine if Colorado HealthOP is on a sustainable trajectory? Using these metrics, what is the estimated ability of Colorado HealthOP to repay its loans?

Thank your time and attention to this matter. I ask that you to respond to this inquiry within one month of receiving this letter with appropriate financial documentation to substantiate your answers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cory Gardner", written in a cursive style.

Cory Gardner
United States Senator