

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

July 30, 2009

Mr. Gene L. Dodaro
Acting Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

I am writing to request that the Government Accountability Office (GAO) provide detailed information about state and federal oversight of cooperatives in order to more accurately inform the discussion about reforming our nation's health care system. We need an accurate understanding of how different models under consideration have actually worked for consumers.

One of the most important issues of the national health care reform debate is whether or not Americans should have the option to buy their health insurance from a publicly run organization. In other words, in addition to choosing among numerous health plans run by private insurers, should consumers also have the option of choosing an affordable, stable, and transparent public plan when they are deciding what is best for them and their families.

Some have suggested that, instead of creating a strong public plan option, Congress should adopt a cooperative approach to health insurance coverage. Like so many Americans, I have set about the task of learning more about cooperatives – with a specific focus on how such cooperatives might be relevant to the discussion on comprehensive health reform. I have been alarmed to learn that there is a dearth of reliable information available about health care cooperatives.

Recent press reports regarding the Pedernales Electric Cooperative in Austin, Texas,¹ and Cobb Electric Membership Cooperation in Atlanta, Georgia² are cause for considerable concern regarding the cooperative model generally. In fact, the House of Representatives Oversight and Government Reform Committee just held a hearing entitled, "Governance and Financial Accountability of Rural Cooperatives: The Pedernales Experience."³ This hearing uncovered many questionable practices at the Pedernales Electric Cooperative, which may also be common practice for many other cooperatives around the country.

I am hopeful that the Government Accountability Office will be able to provide detailed answers to the following questions:

¹ <http://www.sanmarcosmercury.com/archives/8999> and <http://www.sanmarcosmercury.com/archives/9022>

² http://www.ajc.com/opinion/content/metro/cobb/stories/2009/04/26/cobb_emc_image.html?cxntlid=inform_sr

³ <http://oversight.house.gov/story.asp?id=2050>

1. What legal rights do members of health-related cooperatives have to seek remedy for damages relating to injury, suffering, delays in getting care and/or death?
2. Has the GAO published any analyses of cooperative business arrangements generally, and health co-ops specifically? If so, can you send me each of those published reports?
3. What is the state regulatory structure for cooperative business arrangements generally? Is the regulatory structure at the state level the same for health cooperatives as for other types of cooperatives?
4. What is the federal regulatory structure for cooperative business arrangements generally? Is the regulatory structure at the federal level the same for health cooperatives as for other types of cooperatives? Is there a governing federal law or a set of federal laws for cooperative business arrangements generally and/or health cooperatives specifically?
5. Are there standard state and/or federal licensure requirements for cooperatives? Are there standard requirements for board structure and membership? What are the requirements for solvency? Are there state and/or federal consumer protection requirements?

I would greatly appreciate your responses to these questions no later than Wednesday, August 5, 2009. Should you or your staff have any further questions, please do not hesitate to be in touch with Ellen Doneski (202-224-0411) or Jocelyn Moore (202-224-6472) on my staff. I appreciate your prompt consideration of this request.

Sincerely,

