The Center for Consumer Information and Insurance Oversight (OCIIO)
Consumer Operated and Oriented Plan (CO-OP) Program
Advisory Board

Minutes of the Meeting
March 14, 2011

Meeting Convened at 8:30am

Committee members in attendance:

Buchanan, Herb

Buck, David

Carlyle, David-by phone

Christianson, Jon

Curtis, Rick

Feezor, Allen-Chair

Gardiner, Terry

Hall, Mark

Haugen, Patricia

Novak, Donna

Oemichen, William

Pramenko, Michael J.

Size, Tim

Yondork, Barbara-Vice Chair

The purpose of this meeting was to assist and advise the DHHS Secretary and Congress, through the Center for Consumer Information and Insurance Oversight (OCIIO), on the Department's strategy to foster the creation of qualified nonprofit health insurance issuers. At this meeting, the Advisory Board heard public comments on the draft report. In addition, four subcommittees reported back on their final recommendations and open questions in the areas of governance,

finance, infrastructure, and criteria, process, and compliance. Finally, the Advisory Board discussed and resolved open questions. The following summary highlights the main points of the public comments, subcommittee reports, and discussion of the draft final report.

Public Comment

The Advisory Board held a public comment period. Speakers discussed health risk, health management, and the need for technical assistance in setting up new CO-OPs; the experience of labor unions in providing Taft-Hartley plans and how CO-OPs might apply labor expertise; the potential role of labor in creating "critical mass" within new CO-OPs; the need to avoid unnecessary restraints on new CO-OPs; the need for the final report to place more emphasis on viability and sustainability after the development phase; and, comments on specific clauses within the draft final report.

Subcommittee on Governance

The Subcommittee reviewed two recommendations on which there was consensus, and four recommendations that required further discussion:

- CO-OP conversion or sale to a for-profit or entity that is not a CO-OP – request to provide for permanent HHS veto over conversion in "Conversion" section was not accepted.
- CO-OP conversion or sale to a for-profit or entity that is not a CO-OP – "Conversion" section language added to strengthen conversion limits and penalties.
- Delete 5.f of "Relationship" provision that states "The entity may carry over the management team and assets of the former organization."
- A nonprofit insurer who was an insurer prior to July 16, 2009 may dissolve and an eligible new CO-OP may be formed, but a prior insurer's board directors are permanently barred from serving on the new CO-OP's board.

Subcommittee on Finance

The Finance Subcommittee reviewed five recommendations on which there was consensus, and one recommendation that required further discussion:

- To address the need for the CO-OP to reach critical mass – allow the CO-OP to affiliate with a sibling issuer (newly formed) that offers coverage to the large group market, but otherwise shares administration, etc. Legislative intent and language are both met as long as the government's financial support is isolated to the entity that sells in the individual and small group market.

Subcommittee on Infrastructure

The Subcommittee on Infrastructure listed eight items on which there was consensus, and four recommendations (by item number) that required further discussion:

- Item 10 – First sentence changed to: To the extent applicants intend to rely on third party administrators (TPAs) and other vendors to provide any of the plan infrastructure, applicants should provide management and operational plans on how they will manage, supervise, and integrate the contractors with regard to the services and infrastructure they provide. This should include information regarding…
- Item 3 – Added bolded: "It is the conclusion of the Advisory Board… those that emphasize developing a **relatively weaker** statewide network."
- Item 2 – Section 2b(i), added bolded: "For example, for the purposes of this application, a detailed description of payment for Patient Centered Medical Homes or use of Accountable Care Organizations **as defined by CMS regulations** would be one way to meet the criteria of integrated care."
- Item 10 – Section 2b(iii), added paragraph: "Other definitions of integrated care (taken from published articles, briefs) include: the seamless and coordinated provision of health care services, from the perspective of the patient and family, across the entire care continuum, irrespective of institutional and departmental boundaries; an approach characterized by a high degree of collaboration and communication among health professionals that involves sharing among team members of information related to patient care and the establishment of a comprehensive treatment plan to address the biological, psychological, and social needs of the patient; and treatment-delivery models in which physicians work together to coordinate their patient's care."

Subcommittee on Criteria, Process, and Compliance

The Subcommittee on Criteria, Process, and Compliance reviewed seven recommendations on which there was consensus, and two recommendations that required further discussion:

- Discontinuing funding should be a last resort. HHS should make every effort to help a CO-OP succeed by, for instance, providing technical/management support where needed and providing additional funding – along with closer oversight by, and more frequent reporting to, HHS – to protect the investment already made.
- The Advisory Board recommends that loan repayment period should not begin until enrollment has been achieved.

Board Discussion and Conclusions

The Advisory Board discussed the pending issues and the recommendations on which there was no consensus.

At the end of the meeting, the chair listed nine changes to the final report, by page:

- Page 5 of the draft final report, the concern is that there was too much emphasis on financial stability.
- Page 7, point 4 will be amended to reinsert the preference for contested elections.
- Page 8, point 7, there will be reference to expanding the latitude of entities to carry out the public purpose.

- Page 9, point 10 will now include three amended bullets from page 55 and caveat language about not going beyond the intent of the Act.
- Page 10, point B, language was agreed upon conceptually, but as yet there is no specific language to look at, regarding a stronger statement about unjust enrichment while maintaining some opening for management under limited circumstances for continuity of operations. The issue is that managers not have a windfall.
- Page 12, point 3, a more general footnote will be added about understanding that some applicants will not have a refined business plan, which will require ongoing dialogue.
- Page 13, there will be wordsmithing regarding collaboration versus coordination.
- Page 14 will now include an expanded definition of activity for membership development, with further clarification and removal of the reference to marketing.
- Page 22, the wording issues regarding self-funded entities will be resolved.

With these issues pending, a motion was made to adopt the draft final report, and the vote was unanimous.

Meeting was adjourned at 4:30pm.