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We are sorry not be able to attend your meeting in Washington, D.C. today regarding CO-OPS to add the issues of ERISA Taft Hartley Self-Funded Plans to your dialogue. Our comments below are about the importance of including these plans as sustainable CO-OP models under the new Affordable Care Act . We also have comments about choosing among plans in a state, and ensuring state participation.

1. **Support and protection of current not for profit plans with a strong consumer focus:**
    a. A major concern regarding the PPACA , and specifically the Exchanges and CO-OPS now under development, is the absence of inclusion or protection of the ERISA self-funded plans now in existence. Many of these currently operate effectively and competitively and serve the goals of the CO-OP legislation. As a rule, they are all extremely consumer focused. It is our hope they will be included in regulations and able to be loan recipients in the development of new CO-OPs.
    b. The Culinary Health Fund is part of the national HEREIU Welfare Fund. It is an ERISA non-profit plan, and is the only remaining significant competitor to the dominant commercial insurance company operating in Southern Nevada. Since one of the goals of the ACA is to develop competition and choice for health coverage, it is of great concern that plans such as the Culinary Health Fund, which should be carefully protected as viable competitive entities, are instead omitted from the exchange/CO-OP sections of the PPACA. We remain hopeful that this oversight will be rectified through inclusion in the regulations for Co-Ops and also the Health Insurance Exchange. These plans, which are currently the most member-driven nonprofit health plans in the country, may otherwise be eliminated by the market forces created by the Exchanges and CO-OPS. This was not, we are sure, the intent of the PPACA legislation. Effective and consumer-focused ERISA Self Funded Plans such as ours should be able to both form a CO-OP, and participate as a self funded plan in the health insurance exchanges.
    c. The Culinary Health Plan, as well as some others like them, are ideal for CO-OP development, but some issues remain that can be addressed through the regulations currently under consideration. The major barriers are:

i. We are ERISA regulated, not state licensed. Therefore, we would need to be allowed, through the CO-OP regulations, to create a parallel entity under state statute which meets the requirements of the CO-OPS.

ii. We currently include mostly large employers, and we feel the regulations should address the important role that this market plays in supporting the start up development phase of a sustainable entity which serves the individual and small employer market. Inclusion of flexibility in creating and supporting of these new CO-OPS is essential. Otherwise, it is possible in markets with a strong dominant commercial insurer to reduce their own rates low enough for long enough to prevent the CO-OP from developing a sustainable market share. Once the CO-OP fails, the commercial insurer can adjust their rates to make up the losses incurred while pushing others out of the market. Exclusion of such models for partnership with a CO-OP severely disables the ability of a new start up to compete in markets which are already extremely competitive.

iii. Our existing plans are also an excellent foundation for CO-OP generation because they provide:

1. Name/Brand recognition - which has enormous brand loyalty due to the many years of operation as a consumer- focused plan, and
2. Sector expertise – which might be particularly attractive to others in our sector. While available to take all comers in a new CO-OP, we might be most attractive to those that either previously had our coverage, or those small employers in our same business sector – small restaurants, fast food companies, small motels/lodges, many of whom have never had employer-based coverage.

In summary - nonprofit ERISA plans like ours should be allowed to create a state licensed companion entity which would be an excellent foundation to support the start up of a new cooperative that would then be available to all comers. This foundation could serve as some of the significant private support needed for grant application.

2. The Culinary Health Fund overview:

a. 30 years in existence, representing over 110,000 people in Las Vegas.
b. Comprised of employees in the hospitality industry and their dependents, including food servers, housekeepers, cooks, bussers, etc.
c. Lead the market in consumer focus and protection, including a large bilingual customer service office, outreach directly into the workplace, a participant advocacy and outreach program, the nation’s first no cost pharmacy for patient medications (which has existed for 10 years and now the busiest pharmacy in our city), and a fleet of nurses working as case managers involved in hospital discharge and chronic disease management.

d. Directly contract for all provider care, including extensive physician, ambulatory, pharmacy and ancillary care.
e. Substantially reduced health care trend through effective expertise in identification of cost centers, management of chronic disease, management of medical cost waste, case management teams for hospital discharge and transitions of care, chronic disease patient management, network design and incentives, and plan management.
f. The only significant competition in southern Nevada for the dominant commercial insurance company.
g. Manages effective actuarial, finance, legal, administrative, operations, clinical programs, patient advocacy.
h. Best positioned to create a sustainable CO-OP in Southern Nevada.

3. **Priority in grants to hybrid models :**
    - **a.** Plans with a care delivery component should be prioritized in Grant funding. Health coverage without addressing how care is delivered is a much less sustainable model because there is no lever to help control the quality (and therefore cost) of care delivered. Models that include both coverage and the ability to engage in some way in care delivery are much more sustainable long term.
    - **b.** Co-Ops that are able to engage proactively and competitively with providers and consumers in the delivery of care are going to have better cost trends, and are going to be more sustainable in the extremely difficult health care market that currently exists in our state.
    - **c.** In fact, most health plans are now addressing long term solvency by moving into medical home, accountable care organization, or other primary care and provider alliance development models. This requires excellent and extensive relationships with the provider community and/or the existence of a tightly focused care delivery system. These models are much more likely to become sustainable over time.

4. **Accountability of States :**
    - a. States such as Nevada have a very concentrated insurance market, and little progress has been made at the state executive or regulatory level to limit that consolidation. Therefore, the regulations should include some core requirements that states MUST comply with to ensure the intent of the Federal legislation is achieved.
    - b. Federal regulations should be written to ensure that states are not able to offer CO-OP support to models that match a not for profit with an existing for profit. In many states, the Division of Insurance may be tempted to do so simply because they are most familiar with these commercial carriers. They are completely unfamiliar with new models and self funded plans that are not regulated by state DOIs.
    - c. Currently operating ERISA nonprofit plans that are not yet licensed in the state of Nevada should have a mechanism for creating a state-licensed entity quickly.

d. States should be required to fast track these applications to ensure the federal intent of the legislation is met, and to ensure that consumers in some states are not disadvantaged. This fast tracking should be designed to allow the CO-OPS to be available for marketing prior to the opening of the health exchanges.
e.

5. **Consumerism is a balancing act**:
    a. A balancing act is vital to ensuring that the Plan is able to passionately meet our central mission of serving our members while also sustaining the plan long term for all members. This requires superior plan management expertise in conjunction with a strong and constant consumer voice streaming in through consumer engagement. If you don't have one, you cannot have the other. Entities unresponsive to consumer direction and concern lose the support of their constituents. But entities that react to every consumer desire without an effective business plan and priority setting are unstable and often unsustainable.
    b. Taft Hartley plans such as ours are very invested and experienced in both a consumer focus and sustainability, and we therefore have loyal support and branding now that can be leveraged in creating a successful CO-OP quickly. In a community of our size, there is a significant portion of the community that no longer has insurance, but had our benefits at one point, and would very positively support a CO-OP option.
    c. Consumer boards must have a combination of patient advocacy and plan management to keep the organization stable and pursue a long term business plan.

6. Geography/Regions:
    a. Nevada, for example, is geographically divided into two main regions – Southern and Northern Nevada. Rather than create on CO-OP per state, a better way to look at CO-OP development is by natural regions- either geographic, population, or provider. Such a focus will result in much more competitive and sustainable plans.
    b. Alternatively consider allowing CO-OPS to start regionally and expand to larger markets once they are up and running. Allow a timeline for this expansion, with the ability to extend it if needed.

Thank you for your consideration of the role of Taft Hartley Funds in providing consumer-focused non-profit, high quality health care and health care coverage for several decades, and the need to include these models in consideration of CO-OPs.

Please contact me if I can provide addition information about our plan or our plans in other cities, and our concerns about sustainability under the Affordable Care Act.