

The Consumer Operated and Oriented Plan Advisory Board
February 7, 2011 Meeting, Washington, D.C.
Comments by Jerry Burgess, President and Chief Executive Officer
HealthCare 21 Business Coalition of Tennessee

Thank you for the opportunity to provide comments today on this very important initiative.

HealthCare 21 is a not-for-profit business coalition dedicated to working collaboratively with purchasers, providers and consumers to improve health care, health benefits and health care delivery. After thirteen years of work to break down barriers and motivate change, our organization today is a national leader in encouraging patient safety and health quality improvement, and a regional leader in health plan evaluation and consumer education.

Our coalition is excited about the opportunities made possible under the CO-OP provisions of the Affordable Care Act. Small employer purchasers in Tennessee, including our own coalition, are looking for and would benefit from a not-for-profit, consumer-driven health insurance option. Our organization has already forged a strong partnership with a trusted and knowledgeable small employer coalition as well as the provider community, and we are actively working to put the pieces together that will make a successful CO-OP.

We have really too many ideas for ways you could help CO-OPs succeed so I'm going to address only those we've identified as critical in helping us enter an insurance market in Tennessee dominated by some very large companies. Please consider these suggestions:

- **In order to quickly achieve a sustainable risk pool, regulations should allow CO-OPs the flexibility to serve larger employers and multiemployer/shared risk arrangements.** For example, a professional employer organization of small employers currently exists in Tennessee that could greatly benefit from a CO-OP. Regulations should also allow a CO-OP to define its own initial market so it can be successful and ultimately serve other markets. Many states including Tennessee have very different small group and individual markets, and forcing a CO-OP to serve both out of the gate would inhibit our ability to compete effectively with for-profit insurers that can play by different rules.
- **Providers and Accountable Care Organizations (ACOs) should not sponsor or govern CO-OPs, although network partnerships with ACOs should be enabled and encouraged.** A delicate balance must be achieved. Evidence from some states shows that too much integration on the provider side can lead to monopolistic behavior.
- **CO-OP applicants should demonstrate either experience in or ability to bring together experienced partners in all the major health insurance/health plan functions.** Plans that are not actuarially sound will be a detriment to consumers and the existing market.
- **Grants for reserves should be forgiven over time if the funding is used to directly lower premiums.** Existing plans have the ability and reserves to hinder start-up competition. That means we should expect growth to be slow but steady for a successful CO-OP, which will need as much time and leeway as possible to build reserves.

- **CO-OPs that contract with providers networks that report and demonstrate improvement in NQF performance measures should be favored.** Improving on existing national quality measures is an important way to control costs in the delivery system. Encouraging this will drive improvement across plans, not just for CO-OPs.
- **A CO-OP federation should be formed and funded from the beginning for the purpose of sharing 'best practices' and collaboration across state lines, and to help serve employers with employees in multiple states.** Our own experience tells us that collaboration is a critical element to effective change in health care. CO-OPs will be able to address challenges more effectively by working together.

Thank you for your time and the opportunity to share the perspective of someone who is hoping to be on the front lines, empowering consumers through this important initiative. I hope you will consider me a resource as you continue your important work help to shape state-based CO-OPs that operate in the best interests of their consumer members.