

CHUCK GRASSLEY, IOWA
CHAIRMAN

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

January 16, 2015

VIA ELECTRONIC TRANSMISSION

Cliff Gold
Chief Executive Officer
CoOpportunity Health
P.O. Box 677
Des Moines, IA 50303-0677

Dear Mr. Gold:

I write regarding the remittance of CoOpportunity Health, Inc. (CoOpportunity) where it gave over operational control to the Iowa Insurance Division (IID) last month. CoOpportunity, which was established as part of the Consumer Operated and Oriented Plans, or co-ops, created under the Affordable Care Act (ACA).¹ Under the ACA, CoOpportunity received low interest loans from the Centers for Medicare and Medicaid (CMS) to run the co-op. The goal of the co-ops was to offer competitive health coverage to individuals and small groups. However, CoOpportunity experienced significant cost overruns when it enrolled nearly 100,000 more individuals than it anticipated.

As early as last summer, both CoOpportunity and IID reported its financial situation to CMS, and in July CoOpportunity requested additional loans to fund the co-op. In December 2014, CMS denied CoOpportunity's request. In response, IID submitted an Order of Rehabilitation to take over operations of CoOpportunity. It now appears likely that the co-op will be liquidated and those who signed up for insurance under CoOpportunity will need to seek alternate coverage.

On January 13, 2015, I wrote to CMS about its management of the co-op loans and whether it was transparent with CoOpportunity and other organizations about the amount of funding available. I am also concerned that even though CoOpportunity's funding shortages were well known for at least six months, CMS apparently did not tell the co-op or IID that it would not receive additional funding. While CoOpportunity was

¹ Centers for Medicare & Medicaid Services (CMS), Consumer Operated and Oriented Plan Program, <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Insurance-Programs/Consumer-Operated-and-Oriented-Plan-Program.html>, accessed January 9, 2015.

facing financial challenges, if CMS had informed it earlier that it would not receive additional funds it could have taken steps to potentially avoid failure.

CoOpportunity's failure negatively impacts thousands of people in Iowa, as well as Nebraska. It also raises troubling questions about CMS's transparency with the co-ops and its distribution of funds.

As I continue my investigations, I request that you please retain all CoOpportunity records, including communications with CMS. Additionally, please provide the following:

- 1) All communications between CoOpportunity and CMS concerning CoOpportunity's funding.
- 2) All communications between CoOpportunity and IID concerning its funding.

Thank you for your attention to this matter. I would appreciate a response to my request by January 30, 2015. If you have any questions, please contact Tegan Millspaw with my Judiciary Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley, Chairman
Committee on the Judiciary