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**CONTACT:** [Aaron Fobes](#) , [Julia Lawless](#)

(202) 224-4515

**Hatch Statement at Finance Committee Hearing Examining Obamacare CO-OP's**

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing examining the management failures of Obamacare's Consumer Operated and Oriented Plans (CO-OPs) and its impact on consumers, patients and taxpayers:

*I'd like to welcome everyone to this morning's hearing on financial and oversight controls for health care CO-OPs.*

*Six years ago, the so-called Affordable Care Act was forced through Congress and signed by President Obama. The law was passed on a series of strictly partisan votes over the opposition of the majority of the American people.*

*At that time, supporters of the law claimed it would both expand health coverage and bring down costs. Not surprisingly, as the health law has been implemented, reality has had a different story to tell.*

*Under the Affordable Care Act, millions of Americans learned the hard way that – despite many promises to the contrary – they could not keep their previous health care plans, even if they liked them.*

*Under the Affordable Care Act, health insurers, unable to sustain the losses resulting from the law's draconian mandates and regulations, are dropping out of exchanges across the country.*

*Under the Affordable Care Act, insurance premiums are rising – at astronomical rates in some parts of the country – and options for patients and consumers are decreasing, seemingly by the day.*

*And, under the Affordable Care Act, the so-called Consumer Operated and Oriented Plans are failing left and right. These Consumer Operated and Oriented Plans – or CO-OPs – are the subject of today's hearing.*

*CO-OP program was designed to encourage the development of a non-profit health insurance sector, which, according to its proponents, was supposed to improve coverage, increase competition, and provide more affordable health care options.*

*But, as with many other parts of the health law, reality has told a different story with regard to the CO-OP program.*

*Taxpayers have been forced to foot the bill for the CO-OP experiment, to the tune of \$2.4 billion in federal loans for 23 CO-OPs around the country. And, to date, more than half of the CO-OPs have failed, while the vast majority of the others are in poor financial shape.*

*As a result, hundreds of thousands of Americans have lost or will lose their health insurance and taxpayers are still on the hook.*

*In some ways, the CO-OPs were doomed to fail from the outset.*

*For example, they were limited to less profitable markets, had no historical claims data, and no brand recognition or trust. Some were established and run with political aims in mind, rather than solvency or efficiency. Several had premium prices that were far below that of their competitors, and, not surprisingly, they incurred costs that far outpaced revenue. Standard & Poor's aptly described establishing a CO-OP as "learning to ride a bike without training wheels."*

*There are a number of questions we could ask about the CO-OP program.*

*Why was it designed so poorly?*

*Why weren't there more safeguards in place to protect taxpayer investments?*

*Of course, many of these questions should be directed at those who actually wrote and passed the health law in the first place, none of whom will be testifying in this hearing.*

*However, today we will hear from Andy Slavitt, the Acting Administrator of the Centers for Medicare and Medicaid Services, which oversees the CO-OP program.*

*From a congressional oversight perspective, the main question we have today is: How has CMS dealt with these problems?*

*As it turns out, we know at least part of the answer. CMS has apparently encouraged the CO-OPs to cook their books with some creative accounting.*

*Last year, the agency issued guidance allowing CO-OPs to apply surplus notes to program start-up loans, which essentially allowed the CO-OPs to record loans as assets in their financial filings.*

*Quite honestly, I think I'm being generous when I call that kind of accounting creative. Yet, it is, as far as we know, now the standard of practice among Obamacare CO-OPs.*

*Today, I want to hear more about these types of creative ideas coming from CMS, because I believe the taxpayers deserve some explanation. Particularly those taxpayers who lost their coverage when the CO-OPs they enrolled in were not financially viable enough to provide them with the coverage they were promised.*

*Mr. Slavitt, you currently oversee an agency that is responsible for paying out well over \$1.1 trillion through Medicare and Medicaid each year – a number that, by the way, will only go up in the coming years. While the CO-OP program is a relatively small drop in that bucket, it is still a significant investment on the part of American taxpayers.*

*I look forward to hearing your explanation of what's going on with this program and your ideas about what can be done to improve the situation.*

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