

# CO-OP COLLAPSE

## QUICK STATS

- ✘ **CONFERENCE:** Spending
- ✘ **TEAM:** Department of Health and Human Services
- **FUMBLE:** \$2.4 billion for Obamacare Co-Ops
- **HOW TO RECOVER THE BALL:** Recover lost dollars; no more funds for failed co-op programs

The President's healthcare law established a billion-dollar, low-interest loan program to create health insurance "co-ops," which were meant to be nonprofit health insurance start-ups to spur competition with insurance companies and drive down costs. More than \$2 billion in loans went out, and 23 co-ops opened their doors.<sup>361</sup>

The HHS IG found that by the end of 2014, most of the 23 co-ops "had not met their initial program enrollment and profitability projections."<sup>362</sup> And just like that, co-ops began closing their doors. Co-ops in Iowa, Nebraska, Louisiana, Nevada, and New York shut down. In the week from October 9 to 16 alone, co-ops in four states announced they would close.<sup>363</sup> More than half of the co-ops will have shut their doors by the end of this year.<sup>364</sup> This leaves thousands of patients at risk and the taxpayers on the hook for not only

skyrocketing premiums but also billions of wasted dollars on a program that could not achieve its stated goal of low-cost health insurance. For example, in Oklahoma some plans will see a 35-percent premium increase in 2016.<sup>365</sup>

## RECOVERY

While little may be done to reclaim the millions of lost dollars, HHS should certainly try. In the meantime Congress has at least not extended any additional loans for the failed co-op program. Congress should fulfill its oversight role by expanding on the IG report to determine how the failure could have been prevented—probably by never creating the insurance co-ops in the first place. Until then at least stop spending more on a failed experiment with partially government-run insurance companies.

***For more information, please visit:***

[Senate Republican Policy Committee: Obamacare into 2016 Showing More Signs of Failure](#)

[HHS OIG: Affordable Care Act Enrollment and Profitability Report](#)