



April 2015

PRIVATE HEALTH INSURANCE

Premiums and Enrollment for New Nonprofit Health Insurance Issuers Varied Significantly in 2014

Why GAO Did This Study

The Patient Protection and Affordable Care Act (PPACA) established the CO-OP loan program, which helped create 23 consumer-governed, nonprofit health insurance issuers known as CO-OPs. To foster the creation of the CO-OPs, PPACA authorized two types of loans: (1) start-up loans, which help cover the costs of establishing a CO-OP; and (2) solvency loans, which help meet states' solvency requirements associated with becoming a licensed health insurance issuer. While the program seeks to increase competition and improve accountability to members, questions have been raised about the effects CO-OPs will have on health insurance markets.

GAO was asked to study the CO-OP program during 2014. This report examines (1) the status of the CO-OP program loans, (2) how CO-OP health plan premiums compare to the premiums of other health plans, and (3) enrollment in CO-OP health plans. GAO analyzed data from CMS and states; reviewed applicable statutes, regulations, guidance, and other documentation; and interviewed officials from CMS and seven CO-OPs that were selected based on the total amount of loans awarded, geographic region, and the type of health insurance exchange (i.e., federally facilitated or state-based exchange) operated in the state where the CO-OP offered health plans.

In commenting on a draft of this report, the Department of Health and Human Services described activities used to monitor the CO-OP program and provided technical comments, which were incorporated as appropriate.

View [GAO-15-304](#). For more information, contact Vijay A. D'Souza at (202) 512-7114 or dsouzav@gao.gov.

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What GAO Found

As of January 2015, the Centers for Medicare & Medicaid Services (CMS)—the agency that administers and monitors the consumer operated and oriented plan (CO-OP) program—has disbursed about two thirds of the \$2.4 billion in loans awarded to 23 CO-OPs. CMS has disbursed about \$351 million in start-up loans and \$1.2 billion in solvency loans. The percentage of start-up loan funding disbursed to CO-OPs equaled all, or nearly all, of their awards. However, the percentage of solvency loan funding disbursed varied depending on each CO-OP's need to meet state solvency and reserve requirements. Disbursements to three CO-OPs equaled 100 percent of their solvency awards, while disbursements to 20 other CO-OPs ranged from 26 to 92 percent of their awards.

The average premiums for CO-OP health plans were lower than those for other issuers in more than half of the rating areas—geographical areas established by states and used, in part, by issuers to set premium rates—for the 22 states where CO-OPs participated in the exchange during 2014. As shown in the table below, for four of the five coverage tiers—standardized levels of coverage based on the portion of health care costs expected to be paid by the health plan—the average premiums for CO-OP health plans were lower than the average premiums for other health plans in 54 to 63 percent of these rating areas.

Rating Areas Where the Average Consumer Operated and Oriented Plan (CO-OP) Premium Was Lower Than the Average Premium of Other Health Plans, Individual Age 30, 2014

Tier	Total number of rating areas ^a	Rating areas where the average CO-OP premium was lower than the average of other health plans	
		Number of rating areas	Percentage of total
Catastrophic	141	82	58
Bronze	184	107	58
Silver	184	100	54
Gold	184	116	63
Platinum	37	33	89

Source: GAO analysis of Centers for Medicare & Medicaid Services and state data. | [GAO-15-304](#)

^aNumbers reflect rating areas where both a CO-OP and at least one other issuer offered health plans.

In addition, there was variation across rating areas in the difference between the average premiums for CO-OPs and other plans. For example, average CO-OP premiums for silver health plans were priced between 0 and 10 percent lower in 20 percent of rating areas and between 10 and 30 percent lower in 31 percent.

During the first open enrollment period (October 1, 2013, through March 31, 2014), the 22 participating CO-OPs enrolled over 470,000 people. However, the total was short of the overall projections included in the CO-OPs' original loan applications, and 8 of the 22 CO-OPs accounted for more than 85 percent of the total number of CO-OP enrollees. These 8 CO-OPs exceeded their enrollment projections with 5 more than doubling their projected enrollment. The remaining 14 did not meet their enrollment projections. Ten of those CO-OPs enrolled less than half of their projected enrollment numbers. Officials from the CO-OPs GAO interviewed cited relatively high premiums, for example, as a reason for lower than projected enrollment levels.

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Abbreviations

CMS	Centers for Medicare & Medicaid Services
CO-OP	consumer operated and oriented plan
HHS	Department of Health and Human Services
OIG	Office of Inspector General
PPACA	Patient Protection and Affordable Care Act

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April 30, 2015

Congressional Requesters:

The Patient Protection and Affordable Care Act (PPACA) established the consumer operated and oriented plan (CO-OP) program—a loan program intended to foster the creation of new, consumer-governed, nonprofit health insurance issuers known as CO-OPs to offer qualified health plans in the individual and small group health insurance markets.^{1,2} For this purpose, PPACA appropriated funding and authorized the awarding of two types of loans: (1) start-up loans, which help cover costs associated with establishing a CO-OP; and (2) solvency loans, which help meet states' solvency requirements associated with licensure as a health insurance issuer.³ The Centers for Medicare & Medicaid Services (CMS)—the agency within the Department of Health and Human Services (HHS) that administers and monitors the CO-OP program—awarded start-up loans totaling about \$363 million and solvency loans totaling

¹Pub. L. No. 111-148 § 1322, 124 Stat. 163, 187-192 (Mar. 23, 2010) (codified at 42 U.S.C. § 18042). Qualified health plans are health plans certified to be offered through a health insurance exchange established under PPACA. PPACA required the establishment in all states of health insurance exchanges—marketplaces where eligible individuals can compare and select among private insurance plans. In states electing not to establish and operate an exchange, PPACA required the federal government to establish and operate the exchange. Exchanges established and operated by the federal government are known as federally facilitated exchanges. The exchanges in states that chose to establish and operate their own exchange are known as state-based exchanges.

²Small group market means the health insurance market under which individuals obtain health insurance coverage through a group health plan offered by a small employer. PPACA defines a small employer as having employed an average of 1 to 100 employees during the preceding calendar year. Until 2016, a state has the option to define small employers as having employed an average of 1 to 50 employees during the preceding year. See 42 U.S.C. § 18024(b).

³PPACA authorized both loans and grants under the CO-OP program. However, because the grants must be repaid, CMS in implementing the program also considered the solvency grants to be loans. State solvency requirements include reserve requirements, which are funds that an insurance company must reserve, or set aside, to cover potential claims. Solvency requirements vary by state.

\$2.1 billion.⁴ The funding disbursed under these loans helped establish 23 CO-OPs, which currently offer health plans in 23 states.⁵

In creating these 23 CO-OPs, the CO-OP program seeks to enhance competition in the states' markets for health insurance sold directly to individuals and small employers, which potentially could reduce health plan premiums, while improving choice for consumers and encouraging accountability to members. However, questions have been raised about the effects that the CO-OPs will ultimately have on states' health insurance markets. For example, in late 2009, when the Congressional Budget Office estimated the direct spending and revenue effects of PPACA, the agency indicated that it seemed unlikely that the CO-OPs would establish a significant market presence in many areas.⁶ Given these questions, you asked us to review the CO-OP program. In this report we examine

1. the status of the CO-OP program loans awarded to date;
2. how premiums for CO-OP health plans compared to premiums for other health plans during 2014; and
3. enrollment in CO-OP health plans during 2014.

To examine the status of the CO-OP program loans, we obtained data from CMS on the amounts awarded, disbursed, and awarded but undisbursed as of January 9, 2015. We also obtained data on CO-OP funding that remained available for obligation as of the same date.

To examine how premiums for CO-OP health plans compared to the premiums for other health plans, we obtained 2014 premium data from

⁴The amounts awarded represent the total funding that CMS has agreed to provide the CO-OPs as of January 2015. The CO-OPs actually receive this funding when disbursements are made.

⁵One additional organization in Vermont received start-up and solvency loan awards, but was subsequently denied a license as a health insurance issuer by the state. As a result, CMS terminated the organization from the CO-OP program. CO-OPs may obtain licensure and offer health plans in multiple states. One CO-OP that offered health plans in Iowa and Nebraska operated at a significant loss during 2014. This CO-OP was taken over by the Iowa Commissioner of Insurance in December 2014 and is currently in the process of being liquidated.

⁶Congressional Budget Office, *Letter to U.S. Senate Majority Leader* (Washington, D.C.: Nov. 18, 2009).

CMS for the 14 states that had a federally facilitated exchange in which CO-OPs participated during the first enrollment period (October 1, 2013, through March 31, 2014).⁷ We also obtained comparable premium data from the eight states that had state-based exchanges in which CO-OPs participated. For each rating area in each state and for health plans at each metal level, as well as catastrophic plans, we calculated and compared the average premiums for CO-OP health plans and the average premiums for other health plans for 10 different categories of policyholder: adult individuals aged 30, 40, 50, and 60 and adult couples aged 30, 40, and 50 with and without children.⁸ We also interviewed officials from eight CO-OPs that were selected based on the total amount of loans awarded to the CO-OP, its geographic region, and the type of health insurance exchange (i.e., federally facilitated or state-based exchange) operated in the state where the CO-OP offered health plans.

To analyze CO-OP health plan enrollment during the first open enrollment period, we obtained data from CMS. The data covered CO-OP enrollment for each of the 22 states where a CO-OP participated on the exchange. We also obtained estimates of projected enrollment for each CO-OP that were used, in part, to determine the initial CO-OP program loan awards and compared those estimates to actual enrollment.⁹

To assess the reliability of the data we obtained from CMS on the CO-OP program loans, CO-OP and other issuer premiums, and CO-OP enrollment, we performed manual and electronic testing to identify missing data and other anomalies and interviewed agency officials to

⁷Data on 2014 premiums were the most recently available data at the beginning of our work.

⁸PPACA gave states the authority to establish geographic locations by which premiums may vary, known as rating areas. PPACA required certain categories of benefits at standardized levels of coverage specified by metal level—bronze, silver, gold, and platinum—depending on the portion of health care costs expected to be paid by the health plan. Catastrophic plans, which are available to individuals meeting certain criteria, generally provide coverage for services only once a high deductible is met. In this report, we refer to each level of coverage—catastrophic, bronze, silver, gold, and platinum—as a “tier.”

⁹According to CMS officials, CO-OPs were allowed to adjust their estimates for projected enrollment prior to the start of the open enrollment period. For many CO-OPs, the new estimates were significantly lower. We used the estimates from the CO-OPs’ original loan applications because, as noted, these estimates were considered by CMS when determining the initial CO-OP program awards.

confirm our understanding of the data. To assess the reliability of the data we obtained from states on CO-OP and other issuer premiums, we performed manual and electronic testing to identify missing data and other anomalies and followed up with state officials and incorporated corrections as necessary. We determined that the data were sufficiently reliable for our purposes.

We conducted this performance audit from January 2014 to April 2015, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

PPACA establishes certain conditions governing participation in the CO-OP program. Specifically, PPACA defines a CO-OP as a health insurance issuer organized under state law as a nonprofit, member corporation of which the activities substantially consist of the issuance of qualified health plans in the individual and small group markets in the state where CO-OPs are licensed to issue such plans. PPACA prohibits organizations that were health insurance issuers on July 16, 2009, or sponsored by a state or local government from participating in the CO-OP program.¹⁰ PPACA also requires that (1) governance of a CO-OP be subject to a majority vote of its members;¹¹ (2) the governing documents of a CO-OP incorporate ethics and conflict of interest standards protecting against insurance industry involvement and interference; and (3) the operation of a CO-OP have a strong consumer focus, including timeliness, responsiveness, and accountability to its members. In addition, PPACA directs CMS to prioritize the award of CO-OP loans to

¹⁰A sponsor is an organization or individual that is involved in the development, creation, or organization of the CO-OP or provides 40 percent or more in total funding to a CO-OP. 45 C.F.R. § 156.505. PPACA also prohibits organizations with a related entity that was a health insurance issuer on July 16, 2009, from participating in the CO-OP program.

¹¹Federal regulations require the majority of a CO-OP's voting directors to be members—those covered under policies issued by the CO-OP—within a year of issuing health plans. 45 C.F.R. §§ 156.505, 156.515.

applicants that plan to offer qualified health plans statewide, plan to utilize integrated models of care, and have significant private support.¹²

Consistent with PPACA, CMS established two types of loans: start-up loans and solvency loans.

- **Start-up loans** cover approved start-up costs including salaries and wages, fringe benefits, consultant costs, equipment, supplies, staff travel, and approved indirect costs. After the initial disbursement of start-up loan funds, subsequent disbursements are to be made according to a disbursement schedule established in the loan agreement between CMS and each loan recipient. Subsequent disbursements are also contingent upon evidence demonstrating the loan recipient's successful achievement of milestones also established as part of the loan agreement between CMS and each loan recipient. Milestones could include obtaining health insurance licensure and submitting timely reporting information in the required format. Loan recipients can coordinate with CMS to adjust the disbursement schedule and milestones as needed. Each disbursement for a start-up loan must be repaid within 5 years of the disbursement date.
- **Solvency loans** assist CO-OPs in meeting state insurance solvency and reserve requirements.¹³ CO-OPs may request disbursements for solvency loans "as needed" to meet states' reserve capital and solvency requirements. Reasons for CO-OPs needing additional solvency disbursements could include enrollment growth and higher than anticipated claims from members. CO-OP requests are subject to CMS review of necessity and sufficiency. Each disbursement of a solvency loan must be repaid within 15 years of the disbursement date.

The CO-OP program is a direct loan program. For a direct loan, the estimated long-term cost to the government—known as the credit subsidy cost—is calculated as the net present value of estimated cash flows over

¹²Private support includes monetary and other types of support such as in-kind support and letters of intent from key stakeholders. Such support may demonstrate a high probability of financial viability.

¹³PPACA prohibits the use of start-up and solvency loans for carrying on propaganda or otherwise attempting to influence legislation, or for marketing.

the life of each loan.¹⁴ Credit subsidy costs are estimated when the present value of estimated payments by the government (such as loan disbursements) exceeds the present value of estimated payments to the government (such as principal repayments, fees, interest payments, and recoveries). Credit subsidy costs are required to be covered by an appropriation. Therefore, if CMS awards a \$10 million solvency loan to a CO-OP, the \$10 million represents the payments by the government. If CMS calculates the present value for estimated payment to the government to be \$6 million, the loan's subsidy cost would be the net difference of \$4 million and would need to be covered by the CO-OP appropriation.¹⁵

To ensure that applicants met the conditions for participating in the CO-OP program, CMS required applications for the CO-OP program loans to include information about organizational structure and governance, as well as provide bylaws, a business plan, and a feasibility study. CMS and a contractor reviewed applications. The contractor was responsible for evaluating applications and recommending loan amounts and a disbursement schedule based on information in the application package and supporting documents. When making the final decisions regarding the loan awards, CMS officials considered the contractors' recommendations and other factors, including the size of the loan request and anticipated results of funding the application.¹⁶ By December 2012, CMS had awarded CO-OP program loans to 24 organizations.

Several laws had the effect of reducing the \$6 billion PPACA originally appropriated for the CO-OP program by about 65 percent and limiting program participation. In 2011, two separate appropriations acts

¹⁴Present value calculations reflect the time value of money, based on the assumption that a dollar in the future is worth less than a dollar today because the dollar today can be invested and earn interest. The net present value of a loan reflects the difference between the present values of negative and positive estimated cash flows, such as the initial outlay offset by the present value of future estimated repayments.

¹⁵At the time of disbursement the remaining \$6 million would be borrowed from the Department of Treasury and repaid with principal and interest payments by the CO-OPs.

¹⁶The HHS Office of Inspector General (OIG) reported that CMS awarded the initial start-up loans in accordance with federal requirements. See HHS OIG, *The Centers for Medicare & Medicaid Services Awarded Consumer Operated and Oriented Plan Program Loans in Accordance with Federal Requirements, and Continued Oversight Is Needed* (Washington, D.C.: July 2013).

rescinded \$2.6 billion of the CO-OP appropriation.¹⁷ Additionally, in January 2013, the American Tax Payer Relief Act of 2012 rescinded another \$1.3 billion of the unobligated CO-OP program appropriation, leaving about \$1.1 billion of the original \$6 billion CO-OP appropriation available for the credit subsidy costs of CO-OP program loan awards and CO-OP program administration.¹⁸ The American Tax Payer Relief Act of 2012 also transferred any remaining appropriation to a contingency fund for providing assistance and oversight to CO-OP loan awardees, which essentially restricted CO-OP program participation to the 24 organizations that received CO-OP loan awards prior to January 2013.

Of these 24 organizations, all but one became a CO-OP.¹⁹ (See app. I for a list of the 23 CO-OPs and the amount of CO-OP program loans awarded as of early January 2015.) During the first health insurance exchange open enrollment period—which operated from October 1, 2013 to March 31, 2014—22 of the 23 CO-OPs offered health plans in the health insurance exchanges of 22 states.²⁰ The CO-OP for Ohio offered plans off the exchange, but did not participate in the state’s exchange. One CO-OP participated in both the Iowa and the Nebraska exchange, and two CO-OPs operated in the exchange for Oregon. During the 2015 open enrollment period—which operated from November 15, 2014 to February 15, 2015—all 23 CO-OPs offered health plans in the exchanges of 25 states.²¹ In addition to the Ohio CO-OP offering plans for the first time on the exchange for Ohio during the more recent enrollment period, the CO-OPs in Maine and Massachusetts both expanded to New

¹⁷The Department of Defense and Full-Year Continuing Appropriations Act, 2011 rescinded \$2.2 billion. Pub. L. No. 112-10, § 1857, 125 Stat. 38, 168 (Apr. 15, 2011). The Consolidated Appropriations Act, 2012 rescinded another \$400 million. Pub. L. No. 112-74, § 524, 125 Stat. 786, 1115 (Dec. 23, 2011).

¹⁸Pub. L. No. 112-240, § 644, 126 Stat. 2313, 2362 (Jan. 2, 2013). This amount also reflects a \$13 million reduction as part of the across-the-board cancellation of budget resources known as sequestration as ordered by the President on March 1, 2013.

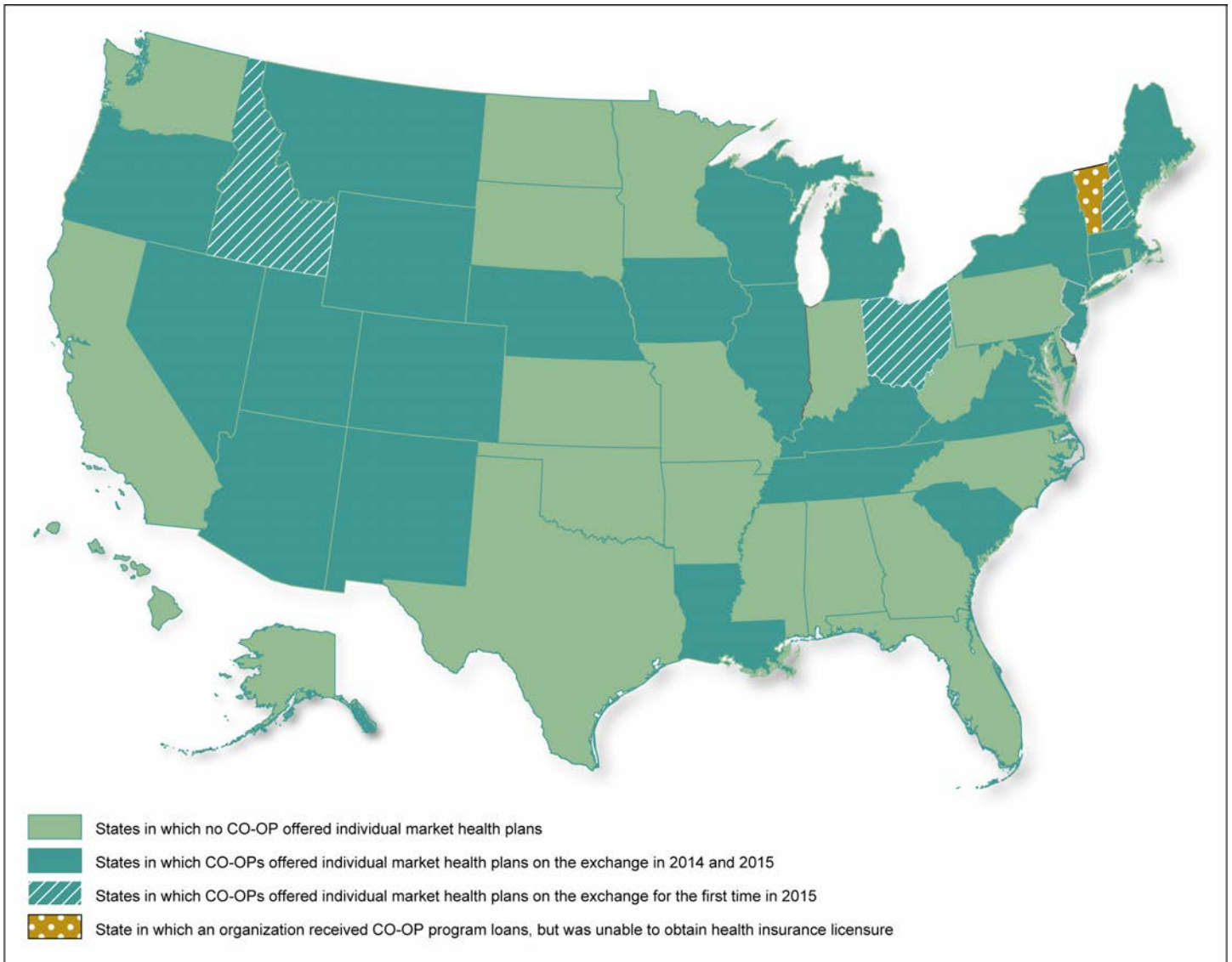
¹⁹One organization in Vermont was unable to obtain a license as a health insurance issuer from its state’s insurance commissioner. As a result, CMS terminated the organization from the CO-OP program.

²⁰CO-OP loan recipients are required to offer qualified health plans at the silver and gold metal levels in every individual market exchange that serves the geographic regions in which the organization is licensed and intends to provide health care coverage.

²¹The CO-OP that offered health plans in Iowa and Nebraska participated in the second open enrollment period until December 2014.

Hampshire and the CO-OP from Montana expanded to Idaho, and all offered health plans on the exchanges of those states for the first time. (See fig. 1.)

Figure 1: States in which Consumer Operated and Oriented Plans (CO-OP) Offered Health Plans in the Health Insurance Exchanges for 2014 and 2015



Source: GAO analysis of Centers for Medicare & Medicaid Services, CO-OP, and state data. Map Resources (map). | GAO-15-304

Notes: One CO-OP offered health plans in both Iowa and Nebraska. Two CO-OPs offered health plans in Oregon. CO-OPs from Maine and Massachusetts both offered health plans in New Hampshire for 2015.

An organization in Vermont received start-up and solvency loan awards, but was subsequently denied a license as a health insurance issuer by the state. As a result, the Centers for Medicare & Medicaid Services terminated the organization from the CO-OP program.

The CO-OP that offered health plans in Iowa and Nebraska operated at a significant loss during 2014 due to higher than expected claims. This CO-OP was taken over by the Iowa Commissioner of Insurance in December 2014 and is currently being liquidated.

PPACA establishes rules governing how issuers can set premium rates. For example, while issuers are no longer able to consider gender or health status in setting premiums, issuers may consider family size, age, and tobacco use.²² Also, issuers may vary premiums based on areas of residence. States have the authority to use counties, Metropolitan Statistical Areas, zip codes, or any combination of the three in establishing geographic locations by which premiums may vary, known as rating areas.²³ The number of rating areas per state varies, ranging from a low of 1 to a high of 67. Most states have 10 or fewer rating areas.

PPACA also requires that coverage sold include certain categories of benefits at standardized levels of coverage specified by metal level—bronze, silver, gold, and platinum. Each metal level corresponds to a proportion of allowable charges that a health plan is expected to pay on average, known as the actuarial value.²⁴ Health plans within a metal level have the same actuarial value, meaning each plan pays approximately the same proportion of allowable charges as others. Plans from different metal levels have different actuarial values and pay a higher or lower proportion of allowable charges. For example, a gold health plan is more

²²PPACA restricts the amount by which issuers can vary premiums based on age and tobacco use. Premiums for adults aged 64 or older may not be more than 3 times the premiums of adults aged 21. The premiums for tobacco users may not be more than 1.5 times the premiums of non-tobacco users. In regard to family size, issuers may only take into account the premium rates of three covered children under the age of 21 when determining the premium for a family with four or more children.

²³A Metropolitan Statistical Area consists of one or more counties that contain at least one core urban area with a population of 50,000 or more, as well as adjacent counties that have a high degree of social and economic integration with the urban core, as measured by commuting ties.

²⁴Actuarial value measures the relative generosity of benefits covered by a health insurance plan. Under PPACA, a health insurance plan's actuarial value indicates the average share of allowable medical spending that is paid by the plan, as opposed to being paid out of pocket by the consumer. Actuarial values are calculated on an average basis for a standard population and do not predict the actual out-of-pocket costs for any individual. Amounts paid in premiums are not considered part of a health plan's actuarial value.

generous overall than a bronze health plan. Actuarial values for health plans under PPACA range from 60 to 90 percent by metal level as follows: bronze (60 percent), silver (70 percent), gold (80 percent), or platinum (90 percent).²⁵

Issuers may also offer “catastrophic” health plans to individuals under 30 and individuals exempt from the individual mandate.²⁶ Catastrophic plans have actuarial values that are less than what is required to meet any of the other metal levels. While these plans are required to cover three primary care visits and preventive services at no cost prior to an enrollee reaching the plan’s deductible, they generally do not cover costs for other health care services until a high deductible is met.

CMS Has Disbursed Nearly Two Thirds of the \$2.4 Billion in CO-OP Program Loans Awarded

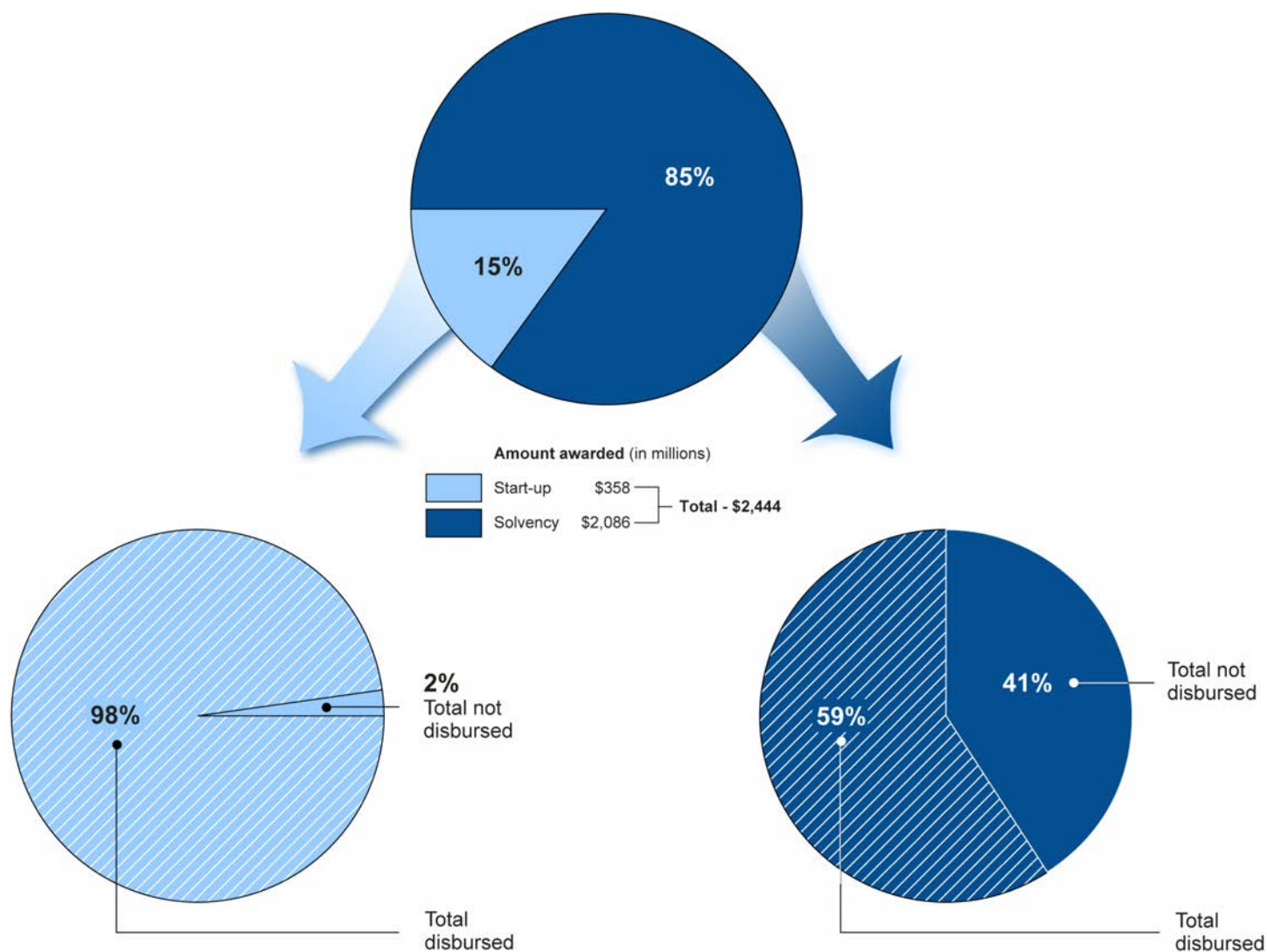
As of early January 2015, CMS has disbursed about \$1.6 billion (64 percent) of the \$2.4 billion in loans awarded to the 23 CO-OPs.²⁷ Specifically, CMS has disbursed \$351 million in start-up loans and \$1.2 billion in solvency loans. The \$351 million in start-up loan disbursements represents about 98 percent of the total amount of start-up loans awarded, whereas the \$1.2 billion in solvency loan disbursements represents about 59 percent of the total amount of solvency loans awarded. (See fig. 2.)

²⁵Cost-sharing including deductibles, co-pays, and coinsurance amounts can vary across the health plans for each metal level, as long as the overall cost-sharing structure of each meets the required actuarial value levels. A deductible is a specified amount that must be paid by the consumer before the health plan will begin paying for covered services. A copayment is a fixed dollar amount that a consumer must pay at the time a covered service is provided, such as a \$25 payment for a physician visit. Coinsurance is a fixed percentage of the total allowable cost of covered services that a consumer must pay.

²⁶PPACA mandates that individuals, subject to certain exceptions, obtain health insurance coverage beginning in 2014 or pay a financial penalty—the “individual mandate.” Exemptions from paying the financial penalty are granted to people based on income or other factors that prevent them from getting coverage.

²⁷Amounts exclude loan awards and disbursements to the organization in Vermont that failed to obtain health insurance licensure. The credit subsidy cost of the \$2.4 billion in CO-OP loans awarded was about \$1.1 billion.

Figure 2: Percentage of Start-up and Solvency Loan Disbursed to Consumer Operated and Oriented Plans, January 2015

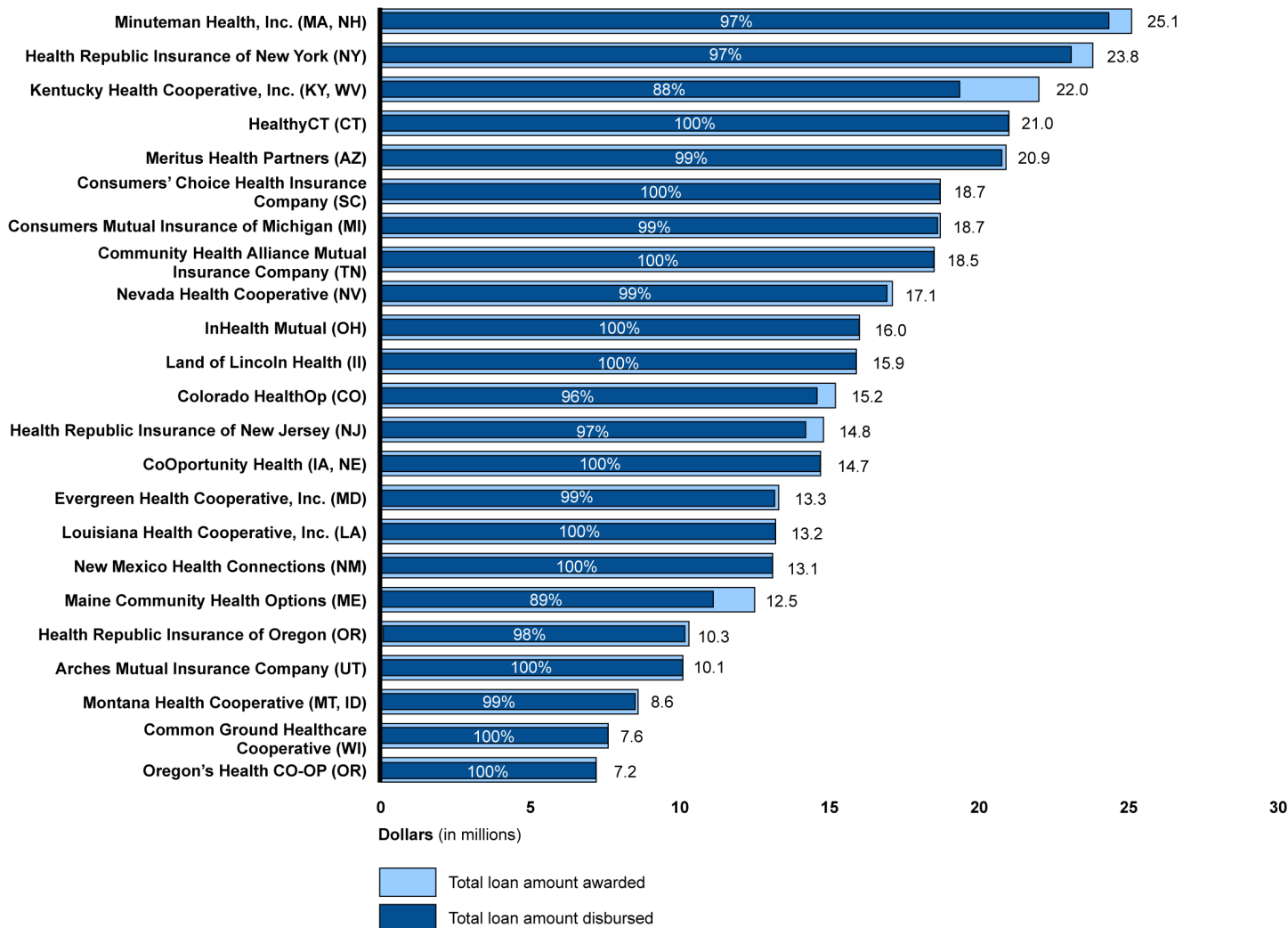


Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

CMS has disbursed nearly all of the start-up loans awarded to the 23 CO-OPs. As figure 3 shows, disbursements to 11 CO-OPs equaled 100 percent of their start-up loan awards. Disbursements to the remaining 12 CO-OPs were more than 85 percent of awards. (See fig. 3.)

Figure 3: Total Start-up Loans Awarded to Consumer Operated and Oriented Plans (CO-OP) and the Percentage Disbursed, January 2015

CO-OP name (States where health plans offered)



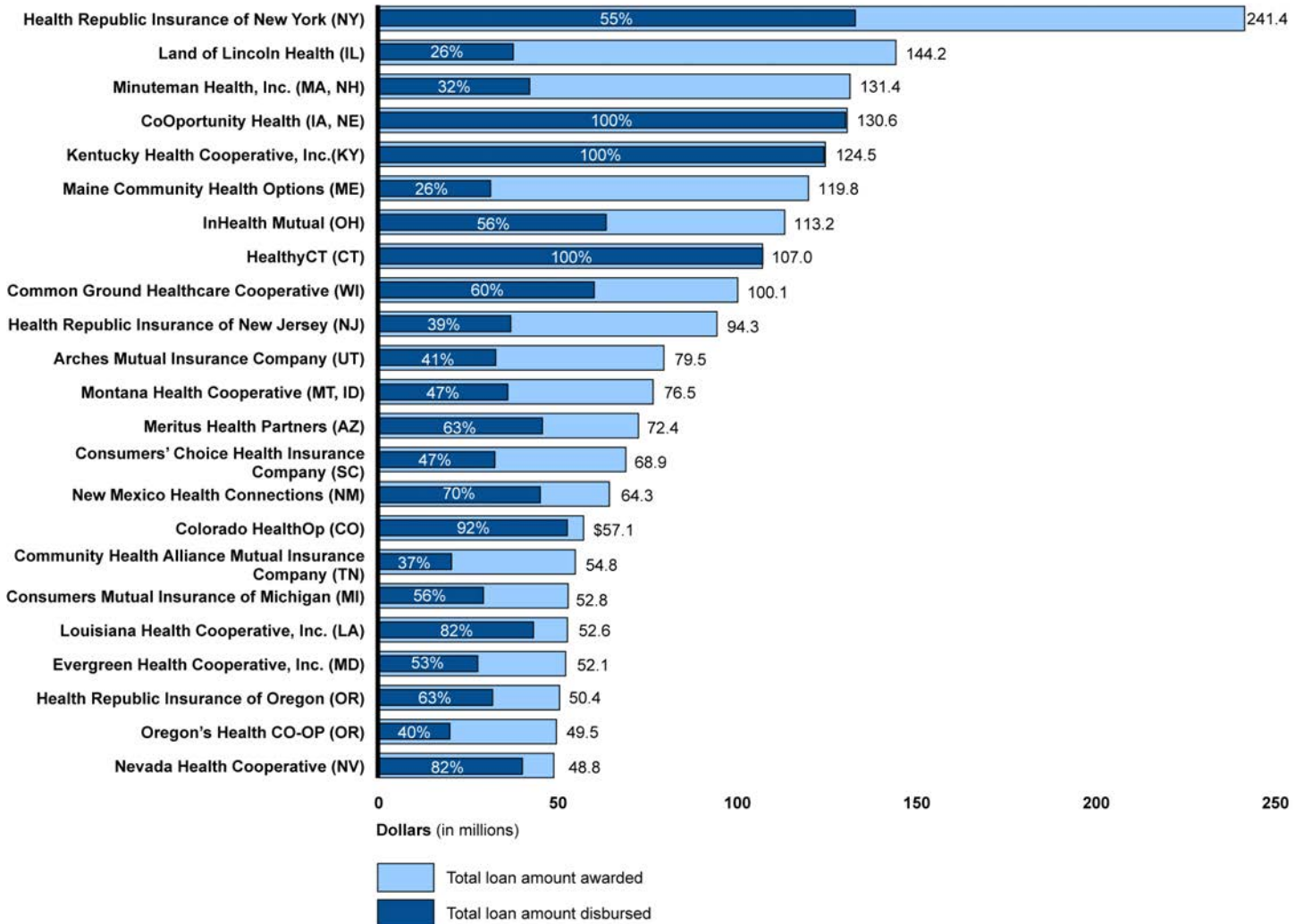
Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

In contrast to start-up loans, the percentage of awarded solvency loans disbursed to the 23 CO-OPs has varied depending on their needs. Disbursements to 3 of the 23 CO-OPs—CoOpportunity Health, Kentucky Health Cooperative, Inc., and HealthyCT—equal 100 percent of their solvency loan awards. However, disbursements to 9 CO-OPs are less than 50 percent with disbursements to 2 CO-OPs—Land of Lincoln

Health and Maine Community Health Options—being less than 30 percent of awards. The percentage of solvency loan funding disbursed to the remaining 11 CO-OPs ranged from 53 percent to 92 percent. (See fig. 4.) The percentages of solvency loan awards disbursed to CO-OPs reflect each CO-OP's need for additional resources to meet state solvency and reserve requirements, which may be the result of enrollment growth or higher than anticipated claims from members.

Figure 4: Total Solvency Loans Awarded to Consumer Operated and Oriented Plans (CO-OP) and the Percentage Disbursed, January 2015

CO-OP name (States where health plans offered)



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

As of early January 2015, about \$22 million of the CO-OP program appropriation was still available for obligation. According to CMS officials, the agency intends to use the remaining funds for administering the CO-OP program over the next few years.

Average Premiums for CO-OP Health Plans Were Lower than Those for Other Health Plans in More than Half of the Rating Areas, but Differences Varied across Tiers

In the 22 states where CO-OPs offered health plans on the states' health insurance exchanges in 2014, the average premiums for CO-OP health plans in all tiers were lower than the average premiums for other health plans in more than half of the rating areas.²⁸ CO-OPs offered bronze, silver, and gold tier health plans in 91 percent of the rating areas, but offered catastrophic and platinum tier health plans in fewer rating areas.²⁹ For 4 of 5 tiers, the average premiums for CO-OP health plans were lower than the average premiums for other health plans in 54 to 63 percent of rating areas where both a CO-OP and at least one other issuer offered health plans.³⁰ For platinum, the average premiums for CO-OP health plans were lower than the average premium for other health plans in 89 percent of rating areas where CO-OPs and other issuers offered health plans. (See table 1.)

²⁸We also examined how the median premiums for CO-OP health plans compared to the median premium for other health plans. The results of the comparison were similar to the comparison of the averages (means).

²⁹In total, there were 202 rating areas in the 22 states where CO-OPs offered health plans on the states' health insurance exchanges during the first open enrollment period.

³⁰The relationship between the average premiums for CO-OP and other health plans for an adult aged 30 was similar to the relationship for the other categories of policyholders we analyzed: adult individuals aged 40, 50, and 60; and adult couples aged 30, 40, and 50 with and without children. In addition, we found these results were generally consistent with the results from a similar analysis using the median.

Table 1: Rating Areas Where the Average Consumer Operated and Oriented Plan (CO-OP) Premium Was Lower than the Average Premium for Other Health Plans, Individual Age 30, 2014

Tier	Total number of rating areas ^a	Rating areas where the average CO-OP premium was lower than the average of other health plans	
		Number of rating areas	Percentage of total
Catastrophic	142	82	58
Bronze	184	107	58
Silver	184	100	54
Gold	184	116	63
Platinum	37	33	89

Source: GAO analysis of Centers for Medicare & Medicaid Services and state data. | GAO-15-304

Notes: In total, there were 202 rating areas in the 22 states where CO-OPs offered health plans on the states' health insurance exchanges during the first open enrollment period, which ran from October 1, 2014, through March 31, 2014.

The relationship between the average premiums for CO-OP and other health plans for an adult aged 30 was similar to the other categories of policyholders we analyzed: adult individuals aged 40, 50, and 60; and adult couples aged 30, 40, and 50 with and without children.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

These results were consistent with the results from comparing the median premiums for CO-OP health plans with the median premium for other health plans.

^aNumbers reflect rating areas where both a CO-OP and at least one other issuer offered health plans.

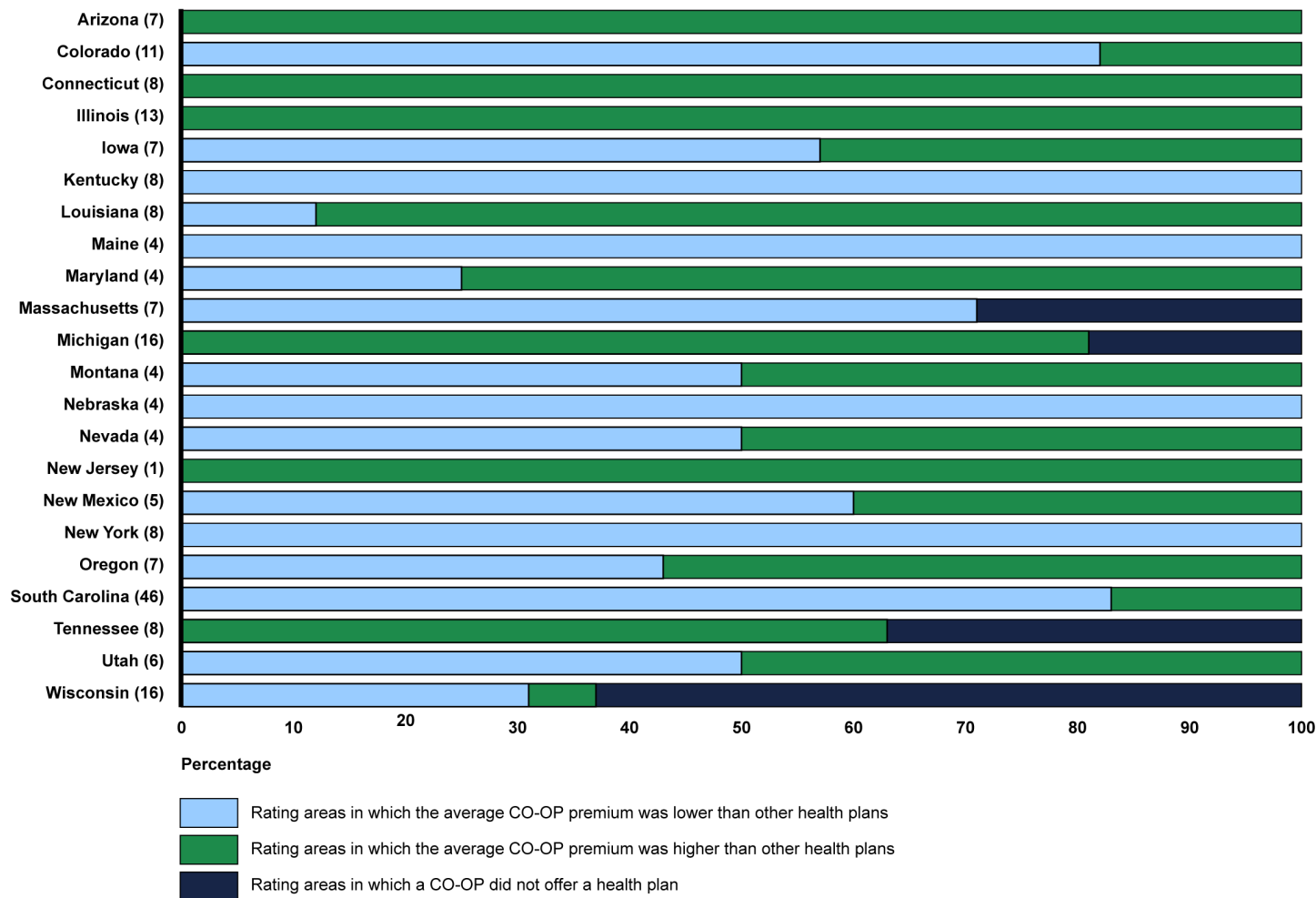
The percentage of rating areas where the average premium for CO-OP health plans was lower than the average premium for other issuers varied significantly by each state and tier. (See fig. 5 for variation in silver plans and appendixes II through XXIII for more details on how CO-OPs in each state were priced in relation to other health plans.) For example, in six states the average premiums for CO-OP silver plans were higher than the average premiums for other silver plans in all the states' rating areas where a CO-OP offered a plan. In five other states the average premiums for CO-OP silver plans were lower than the average premiums for other

silver plans in all of the states' rating areas where a CO-OP offered a plan.³¹

³¹In four states CO-OPs did not offer plans in all rating areas. In one of these states—Massachusetts—the average CO-OP premium was lower than the average premium of other plans in all rating areas in which a CO-OP offered a plan. In two of these states—Michigan and Tennessee—the average CO-OP premium was higher than the average premium of other plans in all rating areas in which a CO-OP offered a plan.

Figure 5: Distribution of Rating Areas Where Average Premiums for Consumer Operated and Oriented Plans' (CO-OP) Silver Tier Health Plans Were Higher or Lower than the Average Premiums of Other Issuers by State, Individual Age 30, 2014

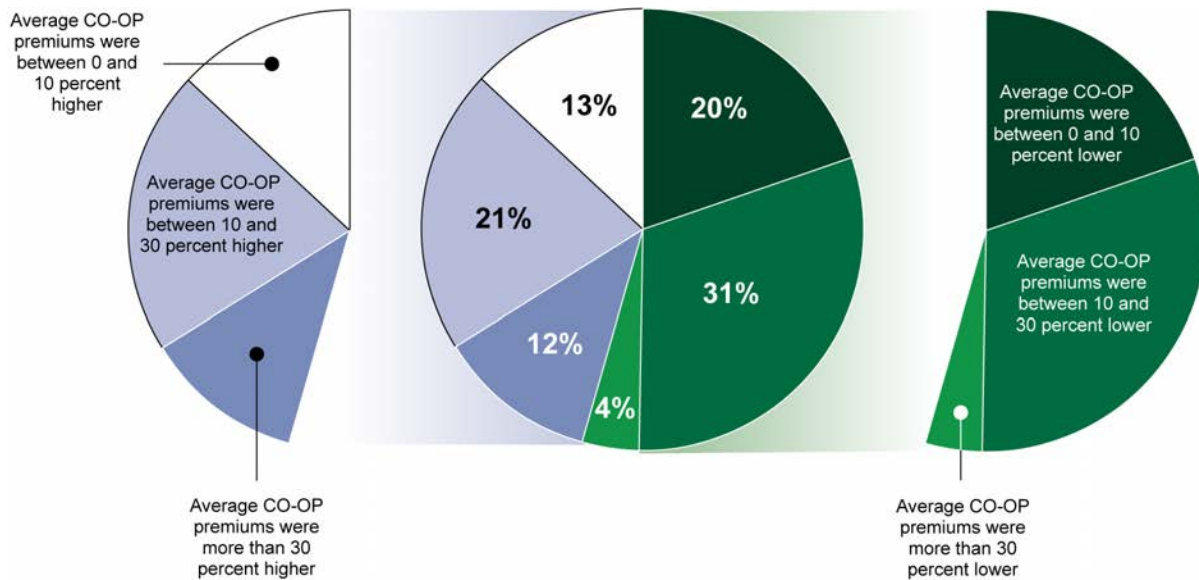
State (Total number of rating areas)



Source: GAO analysis of Centers for Medicare & Medicaid Services and state data. | GAO-15-304

There was also variation across rating areas in the difference between the average premiums for CO-OP health plans and for other health plans. For example, for all rating areas in which CO-OPs offered silver tier health plans, average CO-OP premiums were priced between 10 and 30 percent lower in 31 percent of rating areas and between 10 and 30 percent higher in 21 percent of rating areas. CO-OP premiums were more than 30 percent lower in 4 percent of rating areas and more than 30 percent higher in 12 percent of rating areas. (See fig. 6.)

Figure 6: Distribution of Differences across Rating Areas between Average Premiums for Consumer Operated and Oriented Plans' (CO-OP) and Other Issuers' Silver Tier Health Plans, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services and state data. | GAO-15-304

Notes: Percentages represent the share of the 184 rating areas in which the specified differences existed between the average CO-OP premium and the average premium for health plans of other issuers. Numbers do not sum to 100 due to rounding.

CO-OP Enrollment Performance Varied Substantially for the First Open Enrollment Period

The 22 CO-OPs that participated in the first open enrollment period enrolled over 469,000 (19 percent) of the nearly 2.5 million people who selected individual market health plans in states with CO-OPs.³²

However, total enrollment was short of the overall projections of about 559,000 that CO-OPs included in their original loan applications and 8 CO-OPs accounted for about 385,000 (85 percent) of the total number of CO-OP enrollees. These 8 CO-OPs, in particular, exceeded their enrollment projections for the first open enrollment period with 5 more than doubling their projected enrollment. The remaining 14 CO-OPs did not meet their enrollment projections for the first enrollment period. And

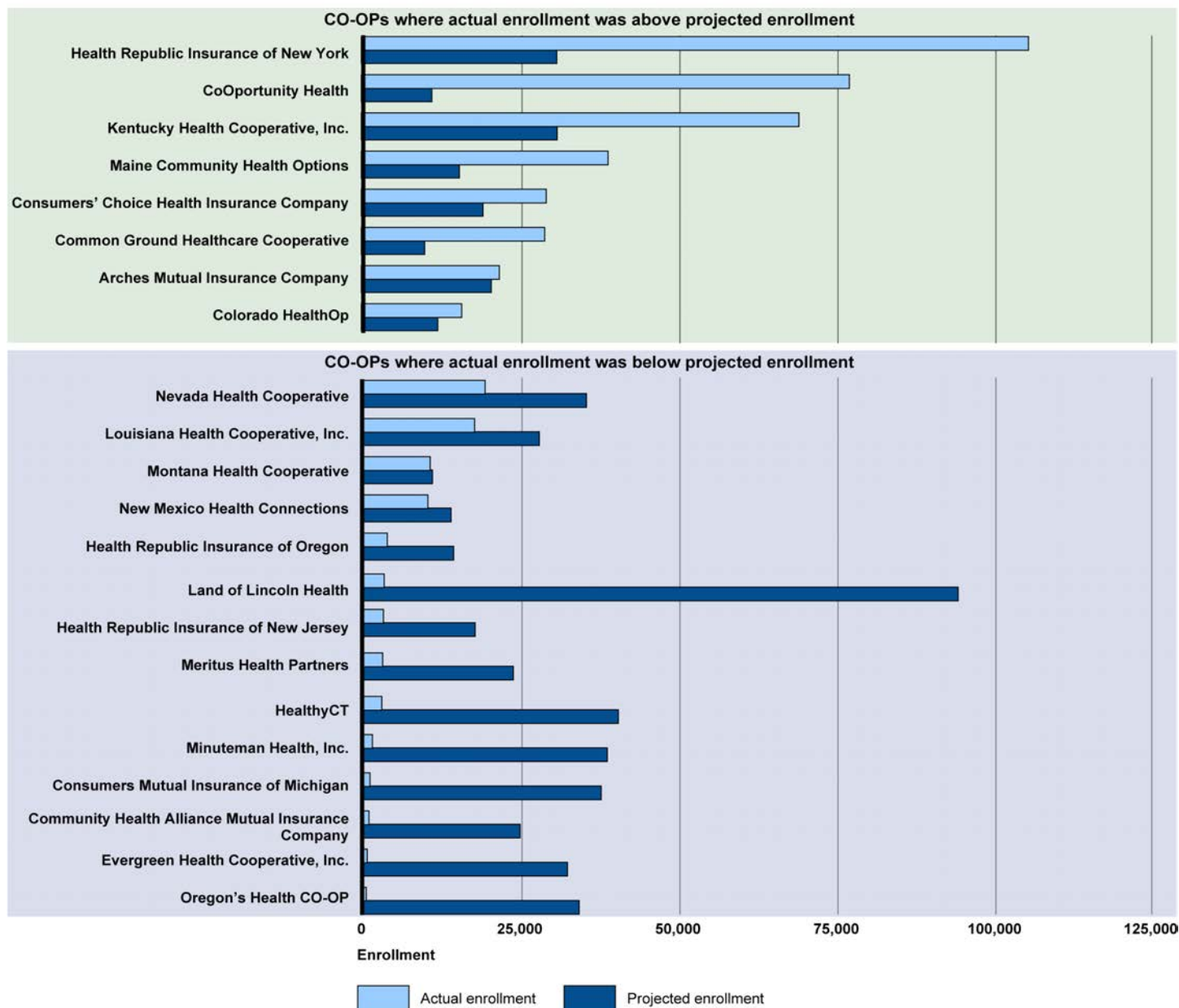
³²The CO-OP for Ohio offered plans off the exchange, but did not participate in the state's exchange.

10 of those CO-OPs enrolled less than half of their projected enrollment numbers.³³ (See fig 7.)

³³As with other issuers, CO-OPs could continue to enroll individuals who qualified for a “special enrollment period” after the open enrollment period ended. A special enrollment period is a time outside of the open enrollment period during which individuals and their families may sign up for health coverage. Individuals qualify for a special enrollment period following certain life events that involve a change in family status, such as marriage or the birth of a child, or the loss of health coverage. In addition, CO-OPs and other issuers could enroll small groups at any point during the year.

Figure 7: Consumer Operated and Oriented Plans' (CO-OP) Actual and Projected Enrollment in Individual Market Health Plans during the First Enrollment Period, October 1, 2013, through March 31, 2014

CO-OP name



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Note: Projected enrollment estimates were included as part of the CO-OPs' original loan applications. According to officials from the Centers for Medicare & Medicaid Services, CO-OPs were allowed to adjust these estimates prior to the start of the first open enrollment period. For many CO-OPs, the

new estimates were significantly lower. We used the estimates for projected enrollment from the CO-OPs' original loan applications because these estimates were considered by CMS when determining the initial CO-OP program awards.

CO-OP officials identified a number of factors that affected enrollment in the CO-OP health plans. Officials from CO-OPs with relatively high enrollment noted their competitive premiums, provider networks, or actions taken to mitigate the effects of technical problems with the federally facilitated exchange. CO-OP officials also cited other factors that affected enrollment performance such as technical problems with federally facilitated exchanges, a state opting to permit renewal of health plans that do not comply with PPACA requirements,³⁴ navigators being unaware of CO-OP plans,³⁵ competitive pricing strategies by larger issuers, or setting relatively high premiums compared to other issuers.

Agency Comments

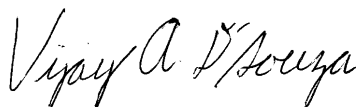
We provided a draft of this report to HHS for comment. In its written comments which appear in appendix XXIV, HHS stated its commitment to beneficiaries of the CO-OP program and taxpayers, and described various activities used to monitor the CO-OP program. The department provided technical comments, which we incorporated as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of Health and Human Services and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

³⁴Most health plans were required to comply with PPACA insurance reforms by January 2014. However, CMS announced in November 2013 that it would provide transitional relief under which states could elect to permit issuers in their states to offer renewals of their noncompliant plans for a plan year beginning between January 1, 2014, and October 1, 2014, provided the plans met certain conditions. In March 2014, CMS extended this transitional policy through October 1, 2016, and noted that the agency may grant an additional 1-year extension, if necessary.

³⁵Navigators are individuals or organizations that receive grants from exchanges and are trained to help consumers, small businesses, and their employees as they look for health coverage options through the exchange, including completing eligibility and enrollment forms. These individuals and organizations are required to be unbiased. Their services are free to consumers.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or dsouzav@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix XXIV.

A handwritten signature in black ink that reads "Vijay A. D'Souza". The signature is written in a cursive, flowing style.

Vijay A. D'Souza
Director, Health Care

List of Requesters

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate

The Honorable Lamar Alexander
Chairman
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Michael B. Enzi
Chairman
Subcommittee on Primary Health and Retirement Security
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Richard Burr
United States Senate

Appendix I: Consumer Operated and Oriented Plans and Loan Awards

Table 2 provides the total loan amounts awarded to each of the 23 consumer operated and oriented plans (CO-OP) as of January 2014.

Table 2: Consumer Operated and Oriented Plans (CO-OP) and CO-OP Program Loan Awards, January 2015

CO-OP (State(s) where offering health plans)	Start-up loan awards	Solvency loan awards
Health Republic Insurance of New York (New York)	\$23,767,000	\$241,366,000
Land of Lincoln Health (Illinois)	15,940,412	144,214,400
Minutemen Health, Inc. (Massachusetts and New Hampshire)	25,091,995	131,351,000
Kentucky Health Care Cooperative (Kentucky)	21,996,872	124,497,900
CoOpportunity Health (Iowa and Nebraska) ^a	14,700,000	130,612,100
Maine Community Health Options (Maine)	12,506,124	119,810,000
InHealth Mutual (Ohio)	15,977,304	113,248,300
HealthyCT (Connecticut)	21,011,768	106,969,000
Health Republic Insurance of New Jersey (New Jersey)	14,757,250	94,317,300
Common Ground Healthcare Cooperative (Wisconsin)	7,635,155	100,104,199
Meritus Health Partners (Arizona)	20,890,333	72,422,900
Arches Mutual Insurance Company (Utah)	10,106,003	79,544,300
Consumers' Choice Health Insurance Company (South Carolina)	18,709,800	68,868,408
Montana Health Cooperative (Montana and Idaho)	8,556,488	76,463,200
New Mexico Health Connections (New Mexico)	13,050,282	64,267,500
Community Health Alliance Mutual Insurance Company (Tennessee)	18,504,700	54,802,000
Colorado HealthOp (Colorado)	15,205,529	57,129,600
Consumer's Mutual Insurance of Michigan (Michigan)	18,687,000	52,847,300
Nevada Health Cooperative (Nevada)	17,105,047	48,820,349
Louisiana Health Cooperative, Inc. (Louisiana)	13,176,560	52,614,100
Evergreen Health Cooperative, Inc. (Maryland)	13,341,700	52,109,200
Health Republic Insurance of Oregon (Oregon)	10,252,005	50,396,500
Oregon's Health CO-OP (Oregon)	7,156,900	49,500,000
Total loan award amounts	\$358,126,227	\$2,086,275,556

Source: GAO analysis of Centers of Medicare & Medicaid Services data. | GAO-15-304

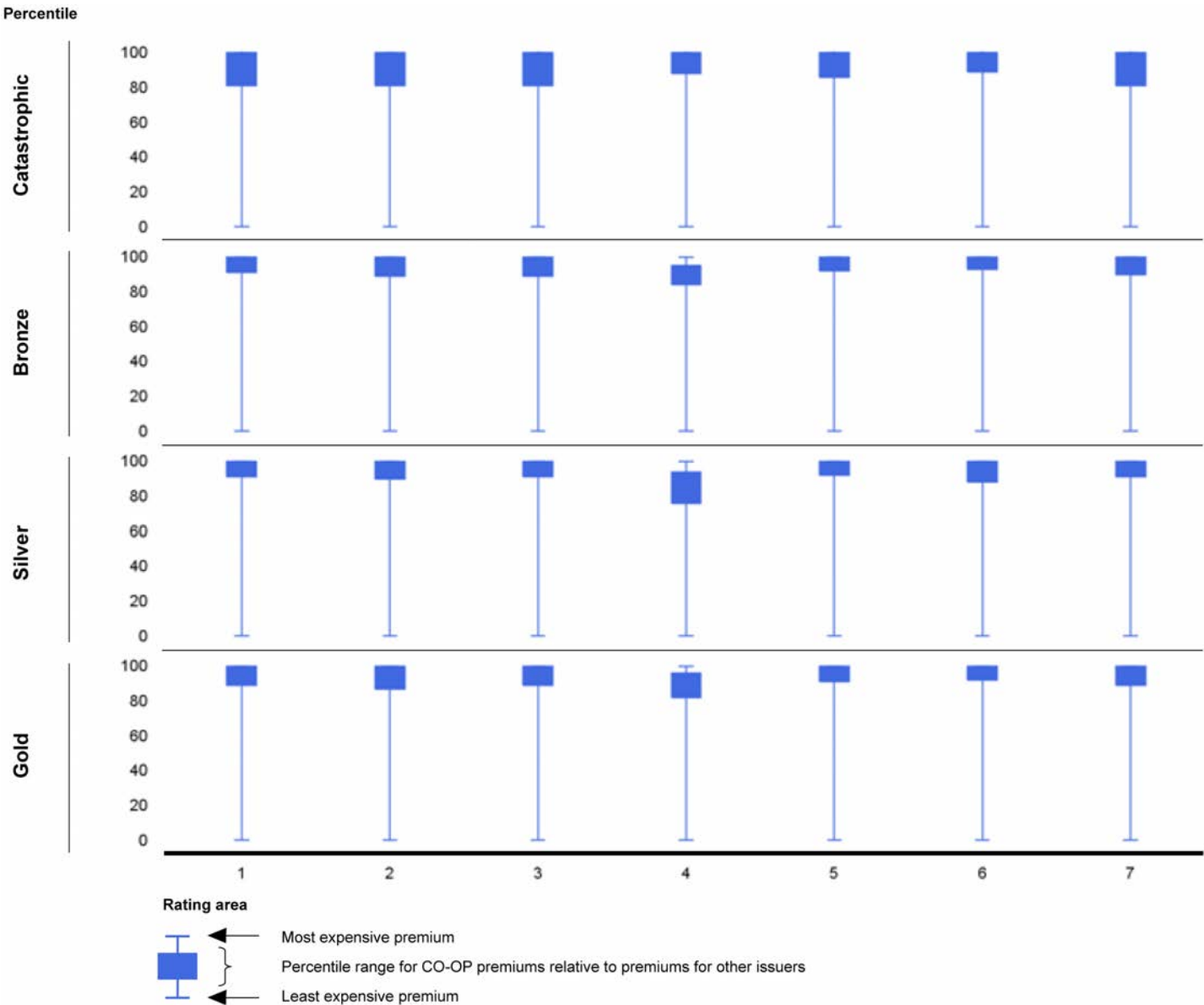
Note: One additional organization in Vermont received loan awards totaling about \$14.4 million. This organization was subsequently denied a license as a health insurance issuer by the state, and, as a result, CMS terminated the organization's participation in the CO-OP program.

^aCoOpportunity Health operated at a significant loss during 2014. This CO-OP was taken over by the Iowa Commissioner of Insurance in December 2014 and is currently being liquidated.

Appendix II: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Arizona

The consumer operated and oriented plans (CO-OP) in Arizona offered catastrophic, bronze, silver, and gold health plans in each of the state's seven rating areas, but did not offer a platinum health plan. Figure 8 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Arizona tended to be among the most expensive premiums. (See fig. 8.)

Figure 8: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Arizona, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were seven rating areas in Arizona. The CO-OP offered one catastrophic, two bronze, three silver, and three gold health plans in each rating area. The CO-OP did not offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix II: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Arizona**

Rating area 1 includes Apache, Coconino, Mohave, and Navajo counties.

Rating area 2 includes Yavapai County.

Rating area 3 includes La Paz and Yuma counties.

Rating area 4 includes Maricopa County.

Rating area 5 includes Gila and Pinal counties.

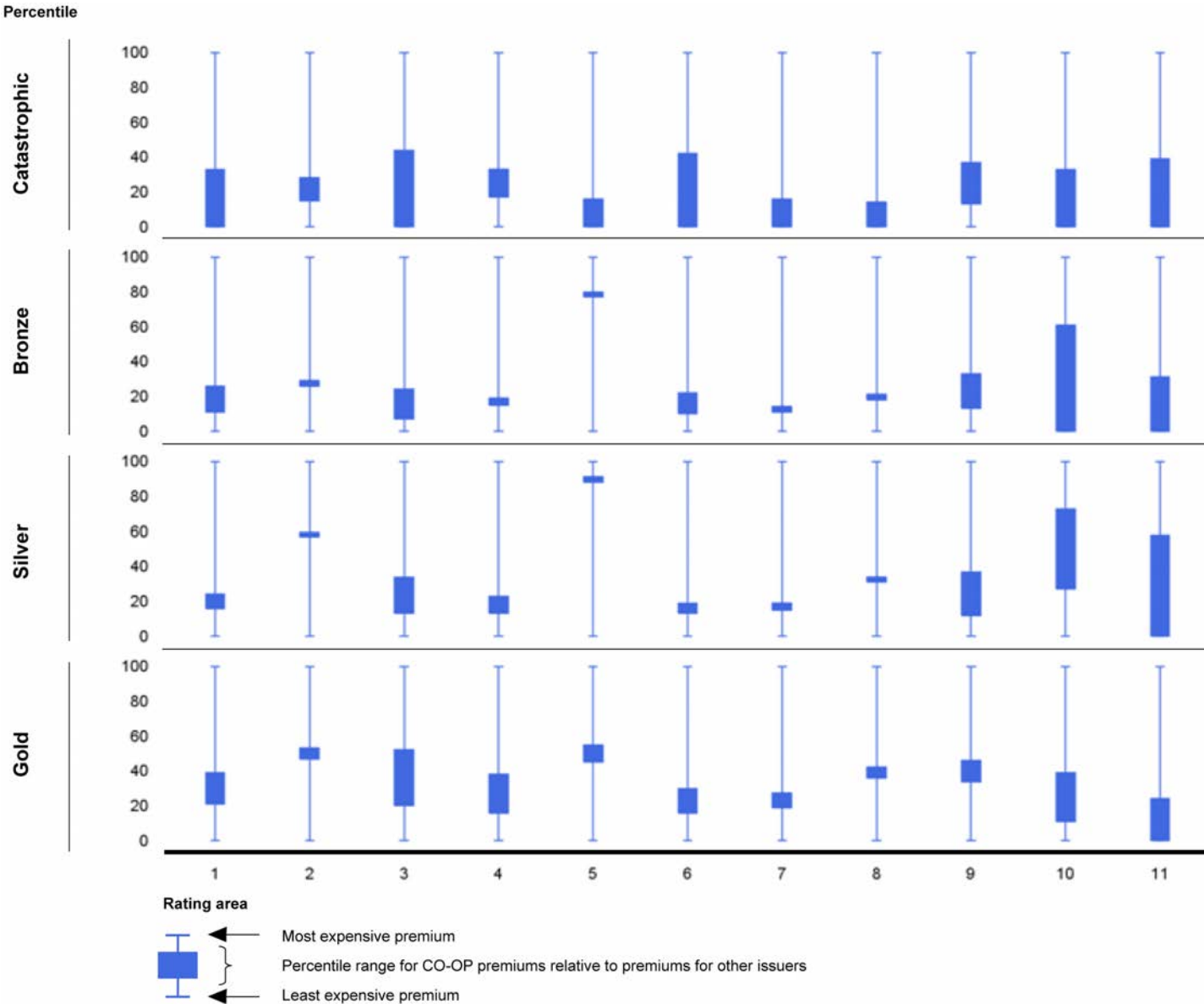
Rating area 6 includes Pima and Santa Cruz counties.

Rating area 7 includes Cochise, Graham, and Greenlee counties.

Appendix III: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Colorado

The consumer operated and oriented plans (CO-OP) in Colorado offered catastrophic, bronze, silver, and gold health plans in each of the state's 11 rating areas, but did not offer a platinum health plan. Figure 9 compares CO-OP premiums to those of all other plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Colorado tended to be among the least expensive premiums. (See fig. 9.)

Figure 9: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Colorado, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were 11 rating areas in Colorado. The CO-OP in Colorado offered two catastrophic, bronze, silver, and gold health plans in rating areas 1, 3, 6, 9, 10, and 11. The CO-OP offered one catastrophic, bronze, silver, and gold health plan in rating areas 2, 5, 7, and 8. The CO-OP offered one catastrophic, one bronze, two silver, and two gold health plans in rating area 4. The CO-OP did not offer a platinum health plan.

**Appendix III: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Colorado**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Boulder County.

Rating area 2 includes El Paso and Teller counties.

Rating area 3 includes Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties.

Rating area 4 includes Larimer County.

Rating area 5 includes Mesa County.

Rating area 6 includes Weld County.

Rating area 7 includes Pueblo County.

Rating area 8 Alamosa, Baca, Bent, Chaffee, Cheyenne, Conejos, Costilla, Crowley, Custer, Fremont, Huerfano, Kiowa, Kit Carson, Las Animas, Lincoln, Mineral, Otero, Prowers, Rio Grande, and Saguache counties.

Rating area 9 includes Logan, Morgan, Philips, Sedwick, Washington, and Yuma counties.

Rating area 10 includes Archuleta, Delta, Dolores, Grand, Gunnison, Hinsdale, Jackson, La Plata, Lake, Moffat, Montezuma, Montrose, Ouray, Rio Blanco, Routt, San Juan, and San Miguel counties.

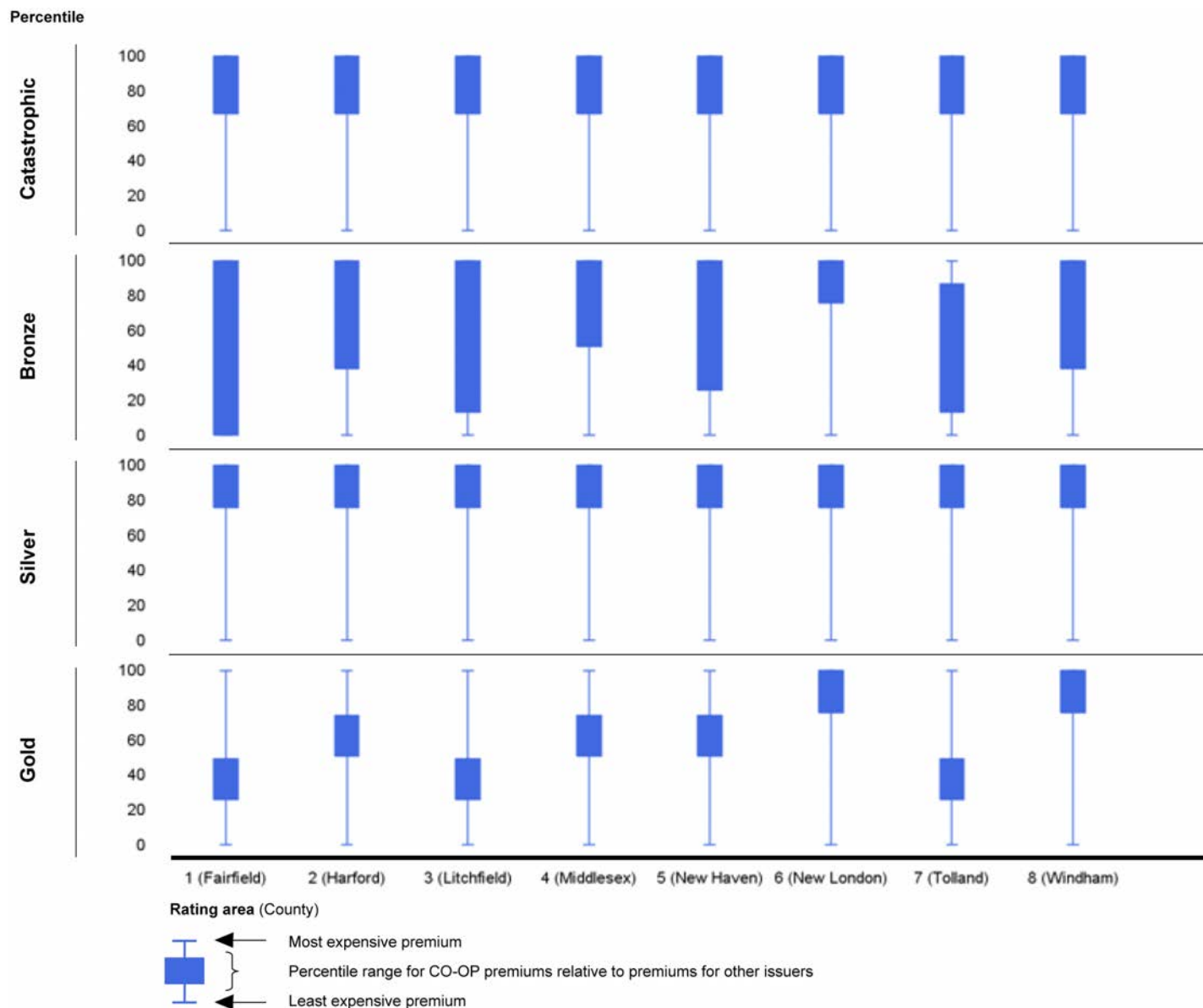
Rating area 11 includes Eagle, Garfield, Pitkin, and Summit counties.

Appendix IV: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Connecticut

The consumer operated and oriented plans (CO-OP) in Connecticut offered catastrophic, bronze, silver, and gold health plans in each of the state's eight rating areas, but did not offer a platinum health plan. Figure 10 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Connecticut were among the most expensive premiums for catastrophic and silver health plans. For bronze health plans, the CO-OP's premiums tended to vary widely within each rating area, generally ranging from the most expensive premium to among the least expensive. The CO-OP's premiums for gold health plans varied in relation to other issuers' premiums across the rating areas. (See fig. 10.)

Appendix IV: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Connecticut

Figure 10: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Connecticut, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

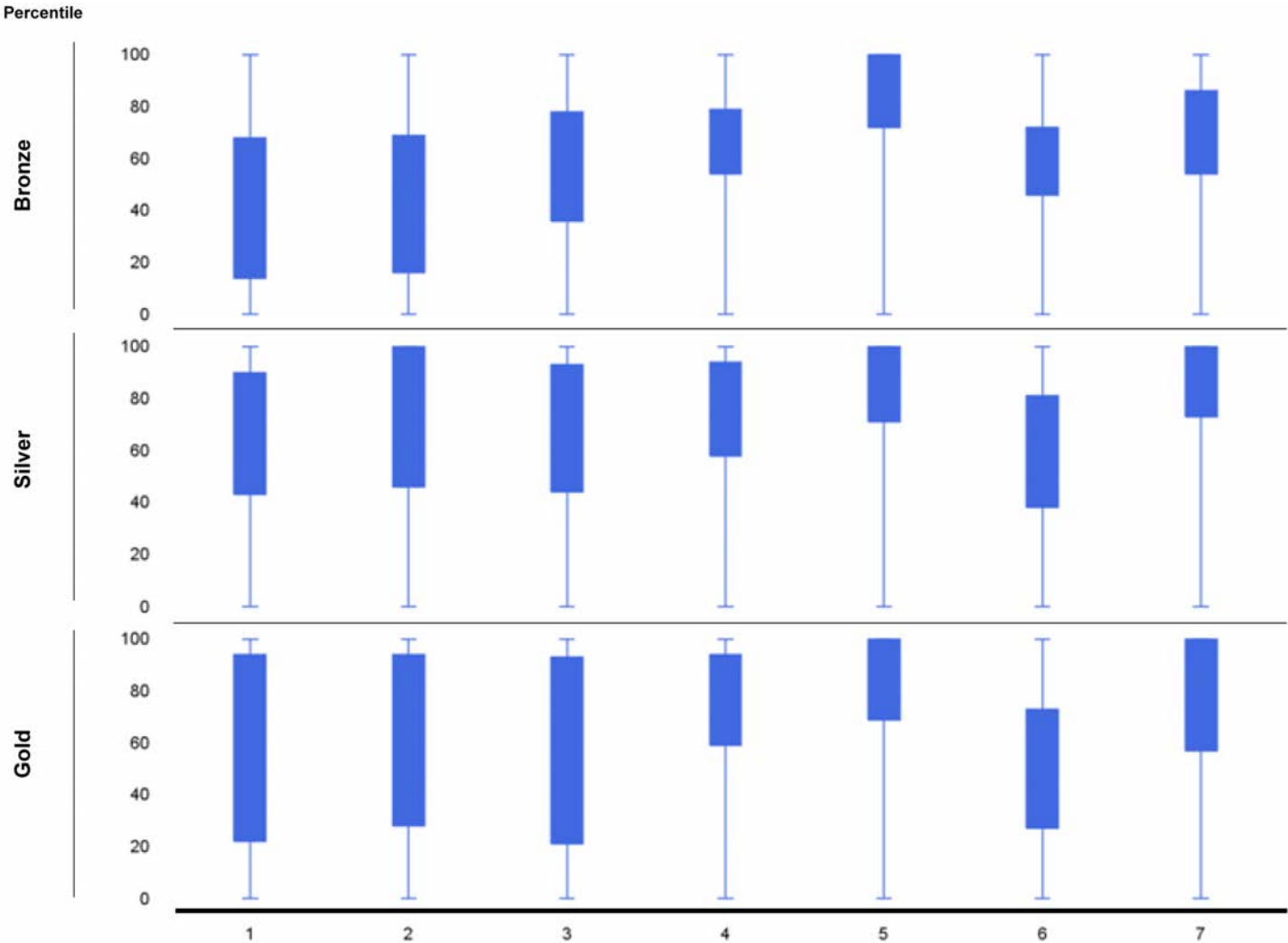
Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were eight rating areas in Connecticut. The CO-OP in Connecticut offered one catastrophic, silver, and gold health plan in each rating area. The CO-OP offered two bronze health plans in each rating area. The CO-OP did not offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

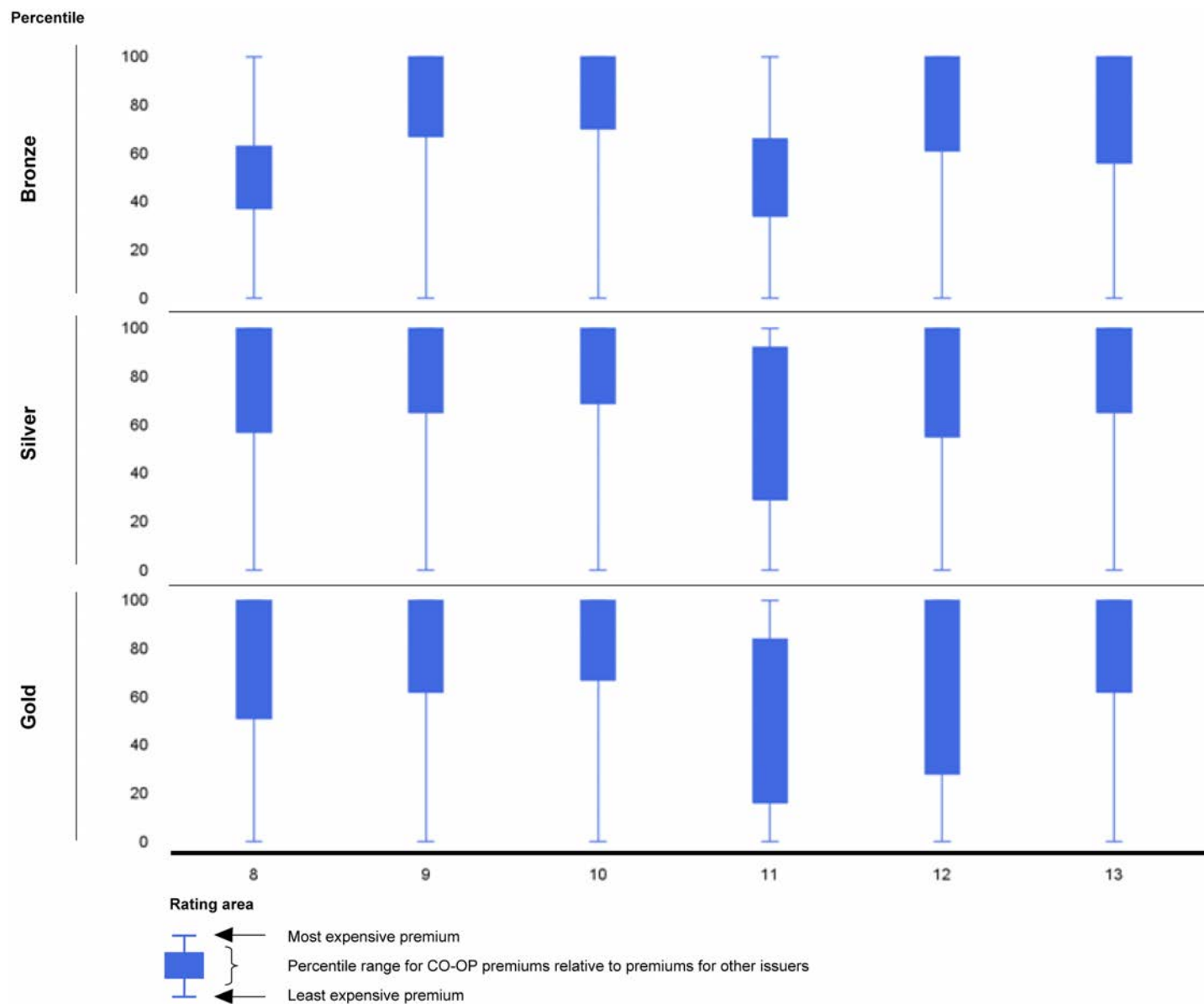
Appendix V: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Illinois

The consumer operated and oriented plan (CO-OP) in Illinois offered bronze, silver, and gold health plans in each of the state's 13 rating areas, but did not offer catastrophic or platinum health plans. Figure 11 compares CO-OP premiums to those of all plans. Specifically, the figures show the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Illinois tended to be among the most expensive plans offered. However, in many rating areas, there was also a CO-OP offering that had a premium close to or below the middle. (See fig.11.)

Figure 11: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Illinois, Individual Age 30, 2014



Appendix V: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Illinois



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were 13 rating areas in Illinois. The CO-OP in Illinois offered five bronze, seven silver, and seven gold health plans in rating areas 1, 2, and 3. The CO-OP offered three bronze, five silver, and five gold health plans in rating areas 4 through 13. The CO-OP did not offer catastrophic and platinum health plans.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix V: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Illinois**

Rating area 1 includes Cook County.

Rating area 2 includes Lake and McHenry counties.

Rating area 3 includes Dupage and Kane counties.

Rating area 4 includes Grundy, Kankakee, Kendall, and Will counties.

Rating area 5 includes Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, and Winnebago counties.

Rating area 6 includes Bureau, Hancock, Henderson, Henry, Mercer, Rock Island, Warren, and Whiteside counties.

Rating area 7 includes Knox, LaSalle, Marshall, McDonough, Peoria, Putnam, Stark, Tazewell, Woodford, and Fulton counties.

Rating area 8 includes McLean, Livingston, and DeWitt counties.

Rating area 9 includes Champaign, Coles, Douglas, Edgar, Piatt, Ford, Iroquois, Vermillion, Clark, and Cumberland counties.

Rating area 10 includes Adams, Brown, Cass, Christian, Logan, Macon, Mason, Menard, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott, and Shelby counties.

Rating area 11 includes Bond, Calhoun, Clinton, Greene, Jersey, Macoupin, Montgomery, Randolph, and Washington counties.

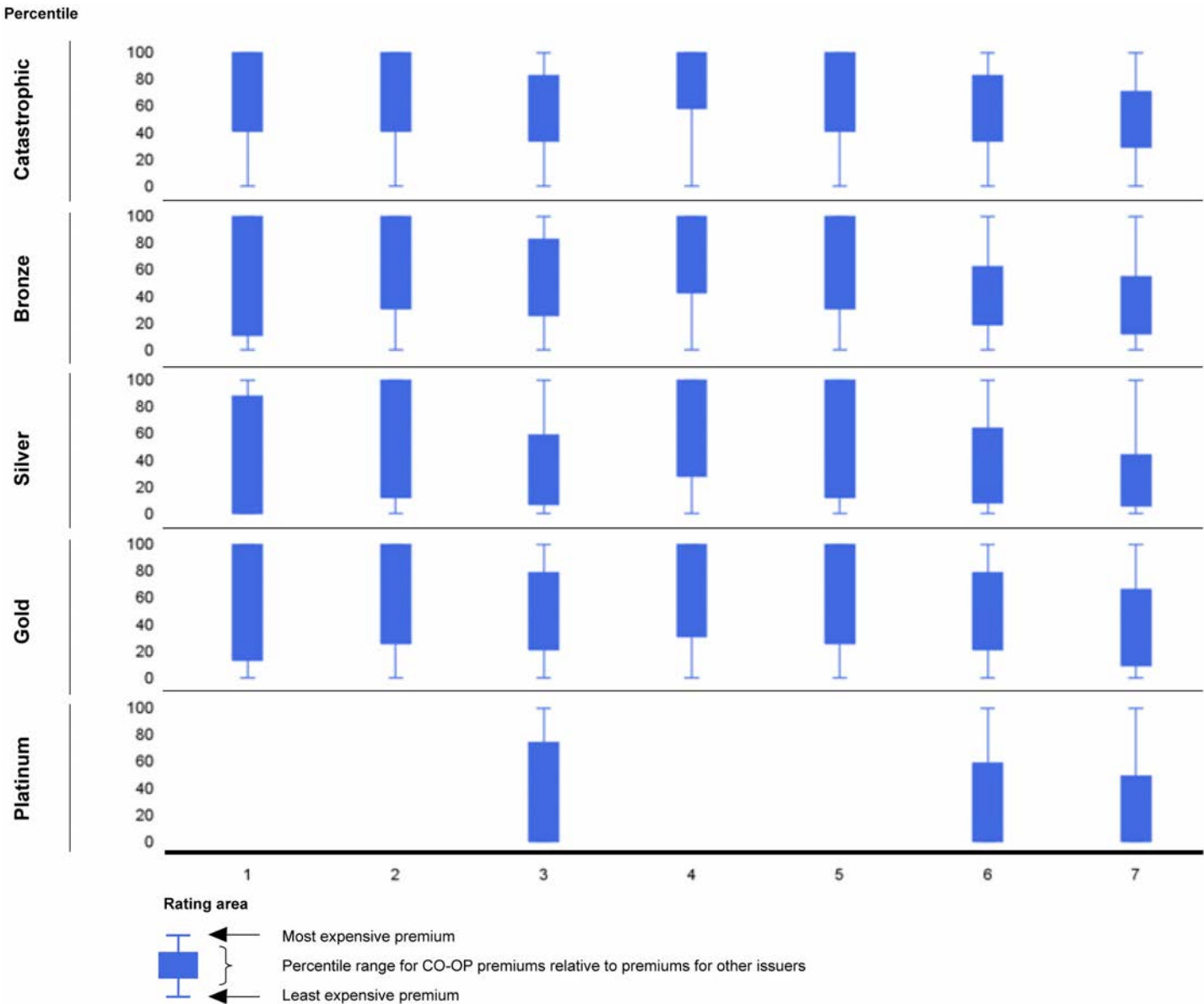
Rating area 12 includes Madison, Monroe, and St. Clair counties.

Rating area 13 includes Alexander, Clay, Crawford, Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Marion, Massac, Perry, Pope, Pulaski, Richland, Saline, Union, Wabash, Wayne, White, and Williamson counties.

Appendix VI: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Iowa

The consumer operated and oriented plan (CO-OP) in Iowa offered plans in all tiers in each of the state's seven rating areas. Figure 12 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Iowa varied widely, ranging from the least to most expensive. (See fig. 12.)

Figure 12: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Iowa, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were seven rating areas in Iowa. The CO-OP in Iowa offered three catastrophic and platinum health plans in each rating area. The CO-OP offered six bronze, silver, and gold health plans in each rating area. The CO-OP was the only issuer to offer a platinum health plan in rating areas 1, 2, 4, and 5.

**Appendix VI: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Iowa**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Boone, Calhoun, Carroll, Greene, Grundy, Hamilton, Hardin, Marshall, Poweshiek, Story, Tama, and Webster counties.

Rating area 2 includes Dallas, Jasper, Madison, Marion, Polk, and Warren counties.

Rating area 3 includes Buena Vista, Cherokee, Clay, Crawford, Dickinson, Ida, Lyon, Monona, O'Brien, Osceola, Palo Alto, Plymouth, Pocahontas, Sac, Sioux, and Woodbury counties.

Rating area 4 includes Adair, Adams, Audubon, Cass, Clarke, Decatur, Fremont, Guthrie, Harrison, Mills, Montgomery, Page, Pottawattamie, Ringgold, Shelby, Taylor, and Union counties.

Rating area 5 includes Appanoose, Davis, Des Moines, Henry, Jefferson, Keokuk, Lee, Louisa, Lucas, Mahaska, Monroe, Muscatine, Van Buren, Wapello, Washington, and Wayne counties.

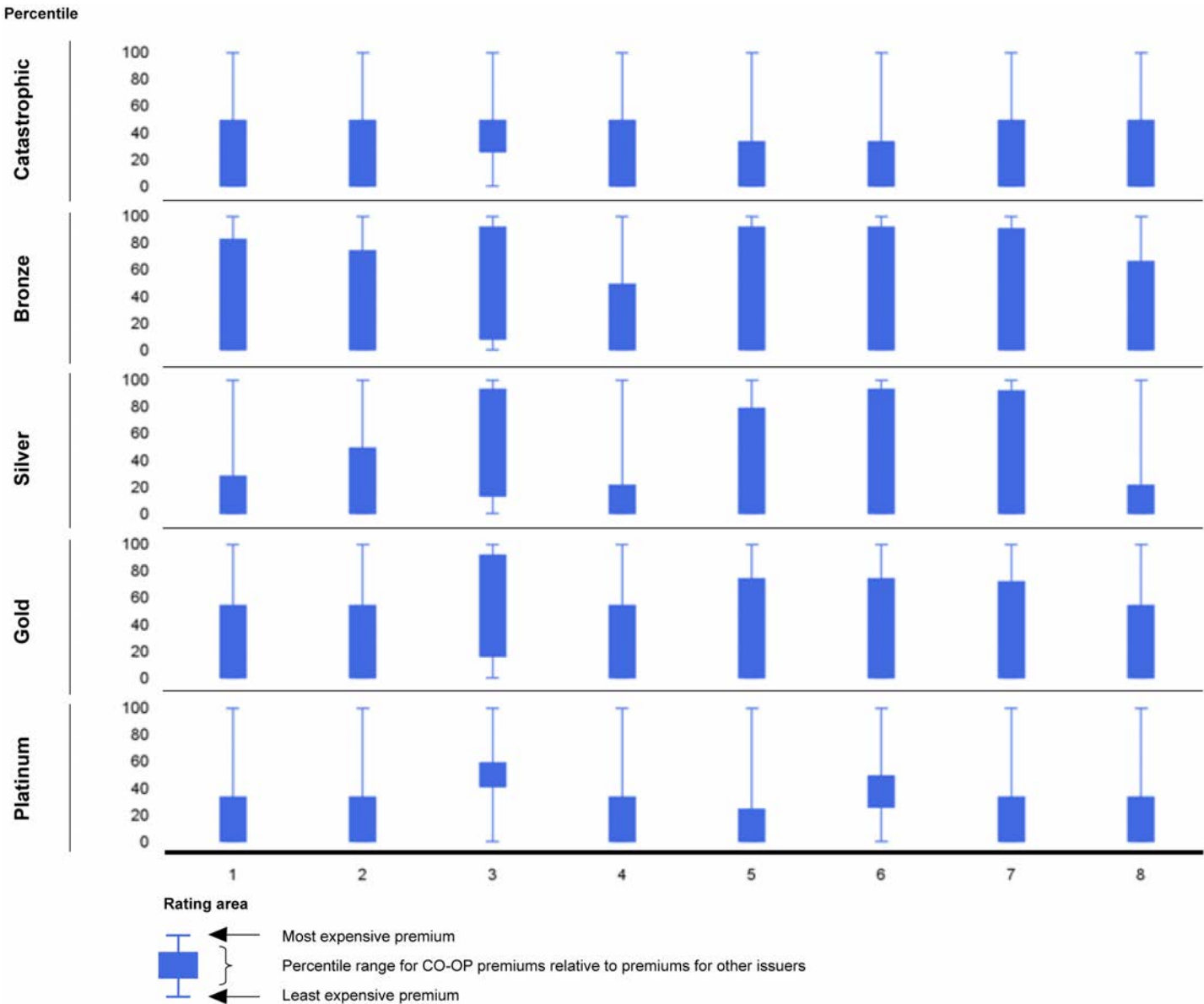
Rating area 6 includes Benton, Black Hawk, Buchanan, Cedar, Clayton, Clinton, Delaware, Dubuque, Iowa, Jackson, Johnson, Jones, Linn, and Scott counties.

Rating area 7 includes Allamakee, Bremer, Butler, Cerro Gordo, Chickasaw, Emmet, Fayette, Floyd, Franklin, Hancock, Howard, Humboldt, Kossuth, Mitchell, Winnebago, Winneshiek, Worth, and Wright counties.

Appendix VII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Kentucky

The consumer operated and oriented plan (CO-OP) in Kentucky offered plans in all tiers in each of the state's eight rating areas. Figure 13 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Kentucky tended to be among the least expensive. However, in several rating areas, the CO-OP premiums were also among the most expensive premiums. (See fig. 13.)

Figure 13: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Kentucky, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were eight rating areas in Kentucky. The CO-OP in Kentucky offered one catastrophic and platinum health plan in each rating area. The CO-OP offered two bronze, silver, and gold health plans in each rating area.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix VII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Kentucky**

Rating area 1 includes Ballard, Caldwell, Calloway, Carlisle, Crittenden, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, and McCracken counties.

Rating area 2 includes Christian, Daviess, Hancock, Henderson, Hopkins, McLean, Muhlenberg, Ohio, Trigg, Todd, Union, and Webster counties.

Rating area 3 includes Breckinridge, Bullitt, Carroll, Grayson, Hardin, Henry, Jefferson, Larue, Marion, Meade, Nelson, Oldham, Shelby, Spencer, Trimble, and Washington counties.

Rating area 4 includes Adair, Allen, Barren, Butler, Casey, Clinton, Cumberland, Edmonson, Green, Hart, Logan, McCreary, Metcalfe, Monroe, Pulaski, Russell, Simpson, Taylor, Warren, and Wayne counties.

Rating area 5 includes Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jackson, Jessamine, Lincoln, Madison, Mercer, Montgomery, Nicholas, Owen, Powell, Rockcastle, Scott, and Woodford counties.

Rating area 6 includes Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton counties.

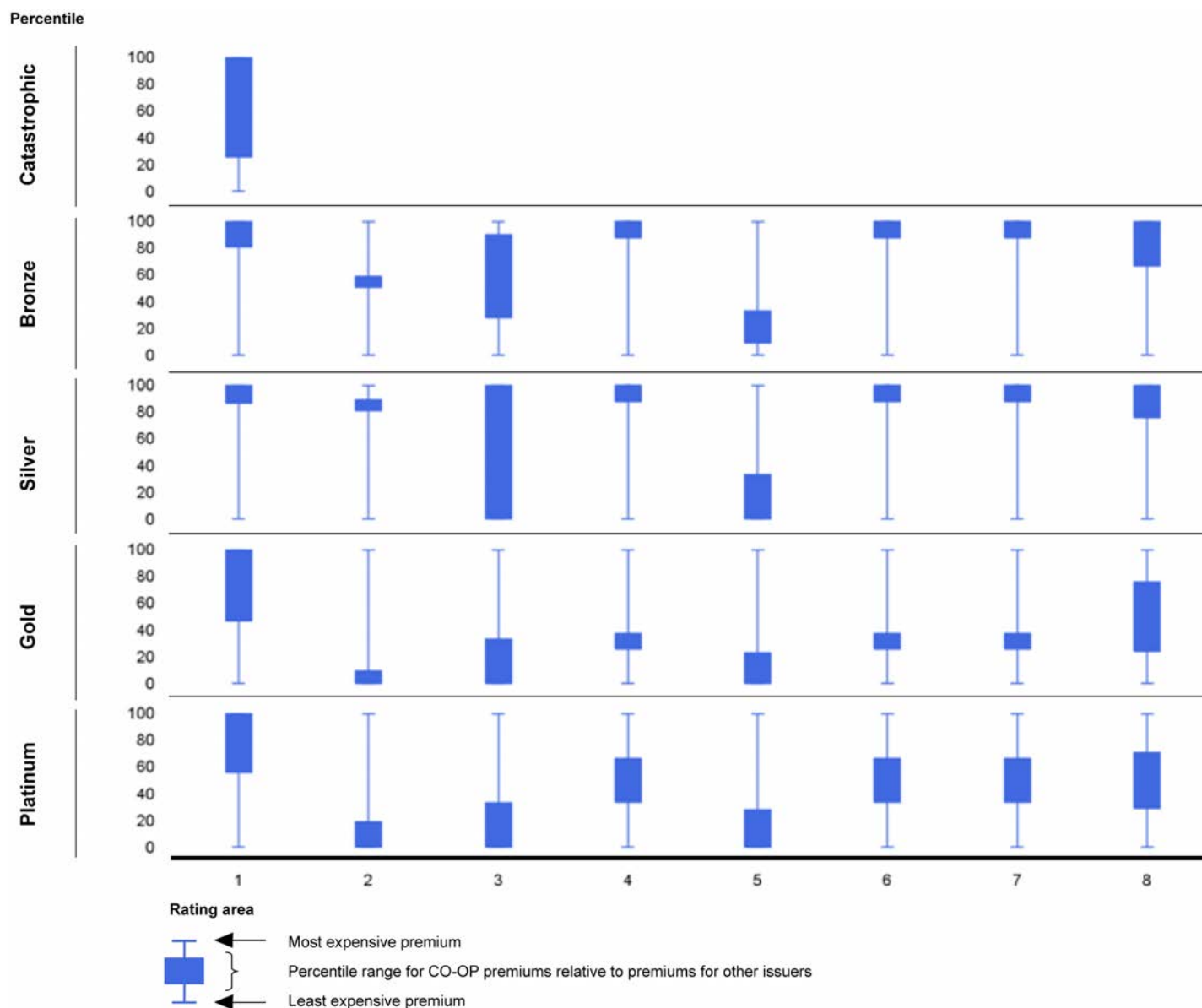
Rating area 7 includes Bath, Boyd, Bracken, Carter, Elliott, Fleming, Greenup, Lawrence, Lewis, Mason, Menifee, Morgan, Robertson, and Rowan counties.

Rating area 8 includes Bell, Breathitt, Clay, Floyd, Harlan, Johnson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Magoffin, Martin, Owsley, Perry, Pike, Whitley, and Wolfe counties.

Appendix VIII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Louisiana

The consumer operated and oriented plan (CO-OP) in Louisiana offered plans in all tiers in each of the state's eight rating areas. Figure 14 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Louisiana varied depending on the rating area and tier, ranging from among the least to the most expensive. (See fig. 14.)

Figure 14: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Louisiana, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were eight rating areas in Louisiana. The CO-OP in Louisiana offered two health plans for each tier in rating areas 1, 3, 5, and 8. The CO-OP offered one health plan for each tier in rating areas 2, 4, 6, and 7. The CO-OP was the only issuer to offer a catastrophic health plan in rating areas 2 through 8.

**Appendix VIII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Louisiana**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany parishes.

Rating area 2 includes Assumption, Lafourche, and Terrebonne parishes.

Rating area 3 includes Acadia, Iberia, Evangeline, Lafayette, St. Landry, St. Martin, St. Mary, and Vermillion parishes.

Rating area 4 includes Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis parishes.

Rating area 5 includes Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, Tangipahoa, Washington, West Baton Rouge, and West Feliciana parishes.

Rating area 6 includes Avoyelles, Catahoula, Concordia, Grant, La Salle, Rapides, Vernon, and Winn parishes.

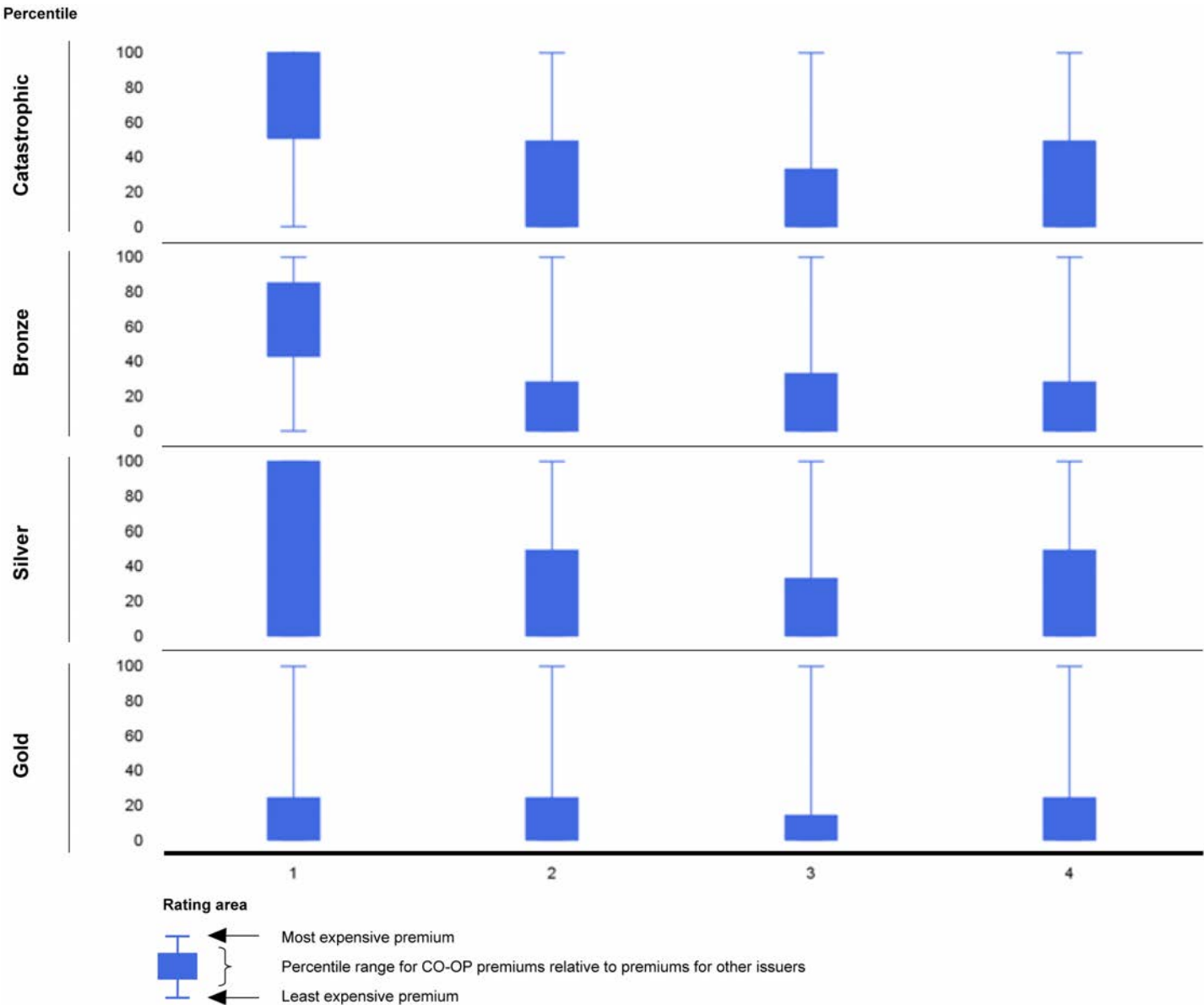
Rating area 7 includes Caldwell, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll parishes.

Rating area 8 includes Bienville, Bossier, Caddo, Claiborne, De Soto, Natchitoches, Red River, Sabine, and Webster parishes.

Appendix IX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Maine

The consumer operated and oriented plan (CO-OP) in Maine offered catastrophic, bronze, silver, and gold health plans in each of the state's four rating areas, but did not offer a platinum health plan. Figure 15 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Maine were generally among the least expensive premiums. In rating area 1, however, CO-OP premiums ranged from the least to most expensive for silver health plans and were among the most expensive for catastrophic and bronze health plans. (See fig. 15.)

Figure 15: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Maine, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were four rating areas in Maine. The CO-OP in Maine offered one catastrophic and gold health plan in each rating area. The CO-OP offered two bronze and three silver health plans in each rating area. The CO-OP did not offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix IX: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Maine**

Rating area 1 includes Cumberland, Sagadahoc, and York counties.

Rating area 2 includes Knox, Kennebec, Lincoln, and Oxford counties.

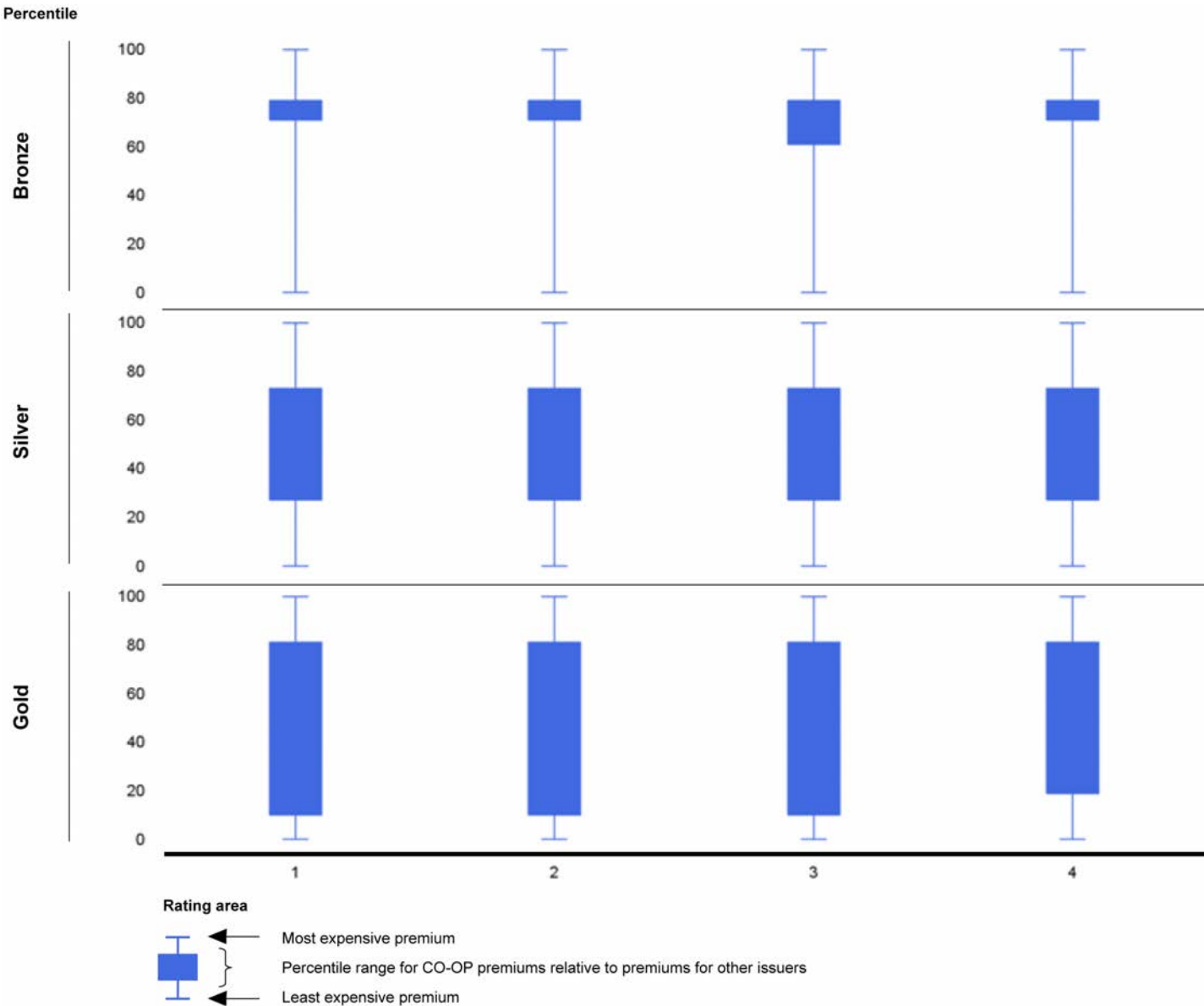
Rating area 3 includes Androscoggin, Franklin, Penobscot, Piscataquis, Somerset, and Waldo counties.

Rating area 4 includes Aroostook, Hancock, and Washington counties.

Appendix X: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Maryland

The consumer operated and oriented plan (CO-OP) in Maryland offered bronze, silver, and gold health plans in each of the state's four rating areas, but did not offer catastrophic or platinum health plans. Figure 16 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Maryland were among the most expensive premiums for bronze plans. However, the CO-OP premiums for silver and gold plans varied widely within each rating area, ranging from among the least to the most expensive premiums. (See fig. 16.)

Figure 16: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Maryland, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were four rating areas in Maryland. The CO-OP in Maryland offered one bronze, four silver, and four gold health plans in each rating area. The CO-OP did not offer catastrophic and platinum health plans.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix X: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Maryland**

Rating area 1 includes Anne Arundel, Baltimore, Baltimore City, Harford, and Howard counties.

Rating area 2 includes Calvert, Caroline, Cecil, Charles, Dorchester, Kent, Queen Anne's, Somerset, St. Mary's, Talbot, Wicomico, and Worcester counties.

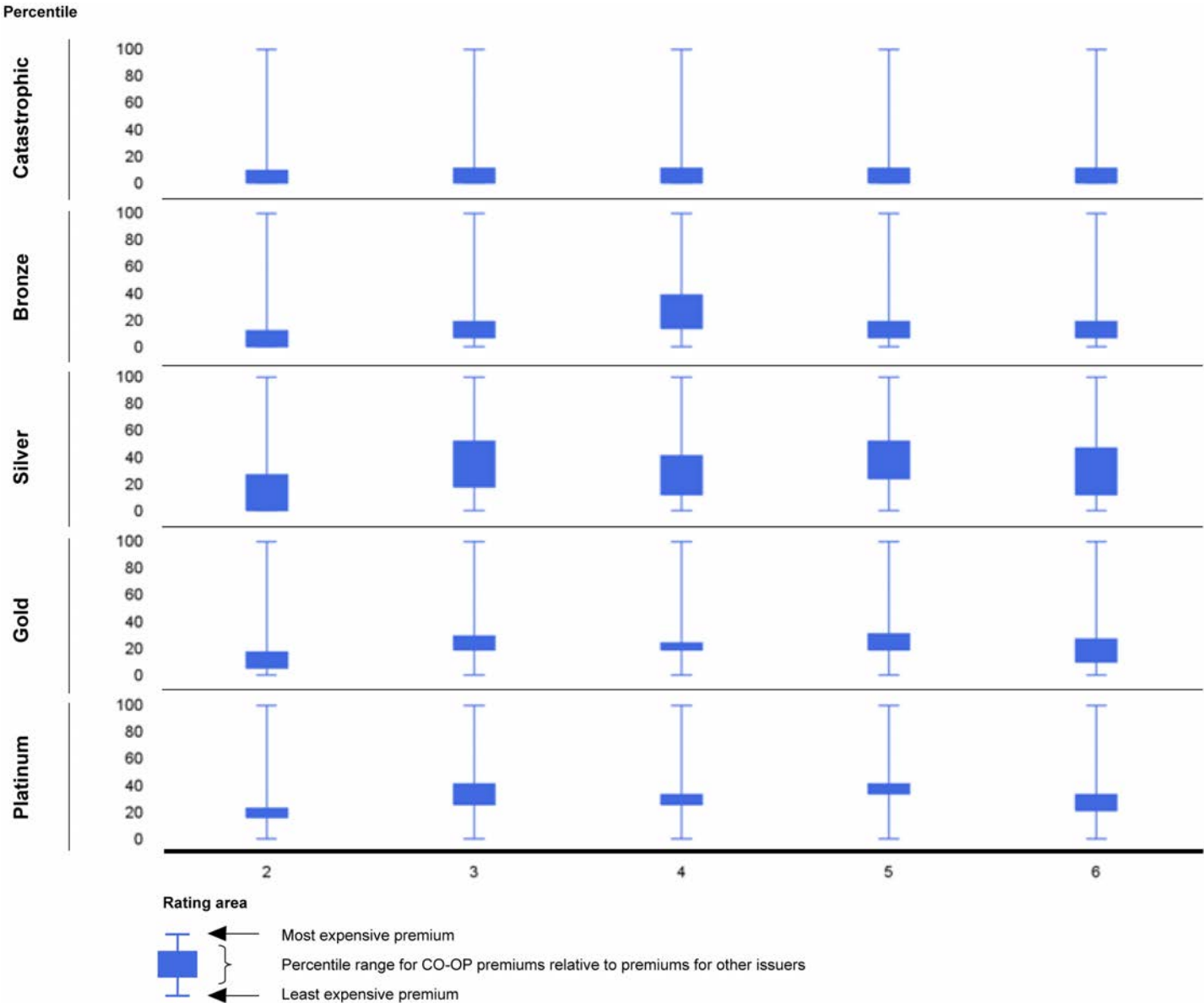
Rating area 3 includes Montgomery and Prince George's counties.

Rating area 4 includes Allegany, Carroll, Frederick, Garrett, and Washington counties.

Appendix XI: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Massachusetts

The consumer operated and oriented plan (CO-OP) in Massachusetts offered plans in all tiers in 5 of the state's 7 rating areas. Figure 17 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Massachusetts tended to be among the least expensive across all tiers and rating areas. (See fig. 17.)

Figure 17: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Massachusetts, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were seven rating areas in Massachusetts. The CO-OP in Massachusetts offered one catastrophic, two bronze, four silver, three gold, and two platinum health plans in rating areas 2 through 6. The CO-OP did not offer health plans in rating areas 1 and 7.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix XI: Consumer Operated and Oriented
Plan Premiums Relative to Other Issuers'
Premiums in Massachusetts**

Rating area 1 includes 3-digit zip codes 010, 011, 012, and 013.

Rating area 2 includes 3-digit zip codes 014, 015, and 016.

Rating area 3 includes 3-digit zip codes 017 and 020.

Rating area 4 includes 3-digit zip codes 018 and 019.

Rating area 5 includes 3-digit zip codes 021, 022, and 024.

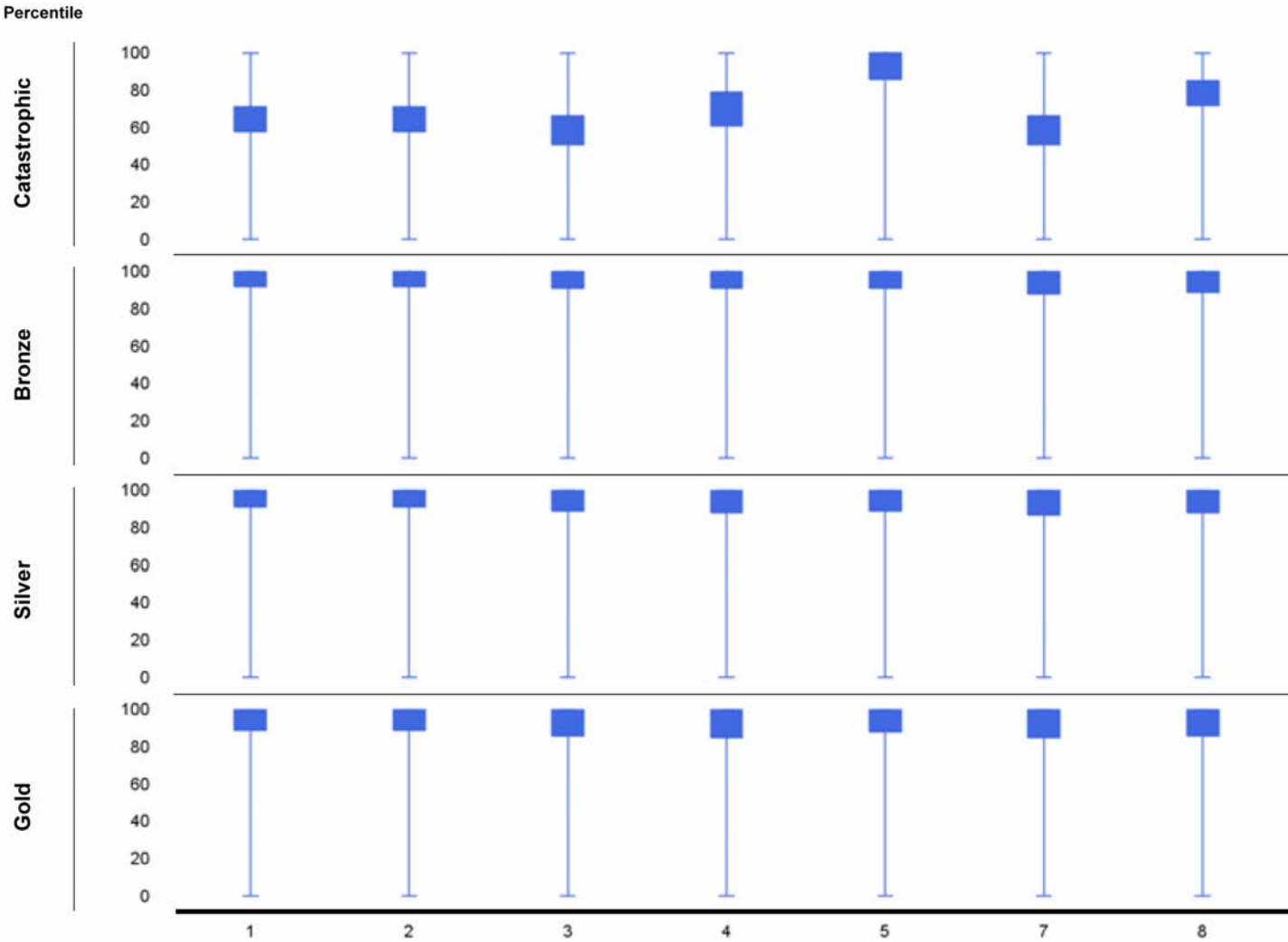
Rating area 6 includes 3-digit zip codes 023 and 027.

Rating area 7 includes zip codes that begin with 025 and 026.

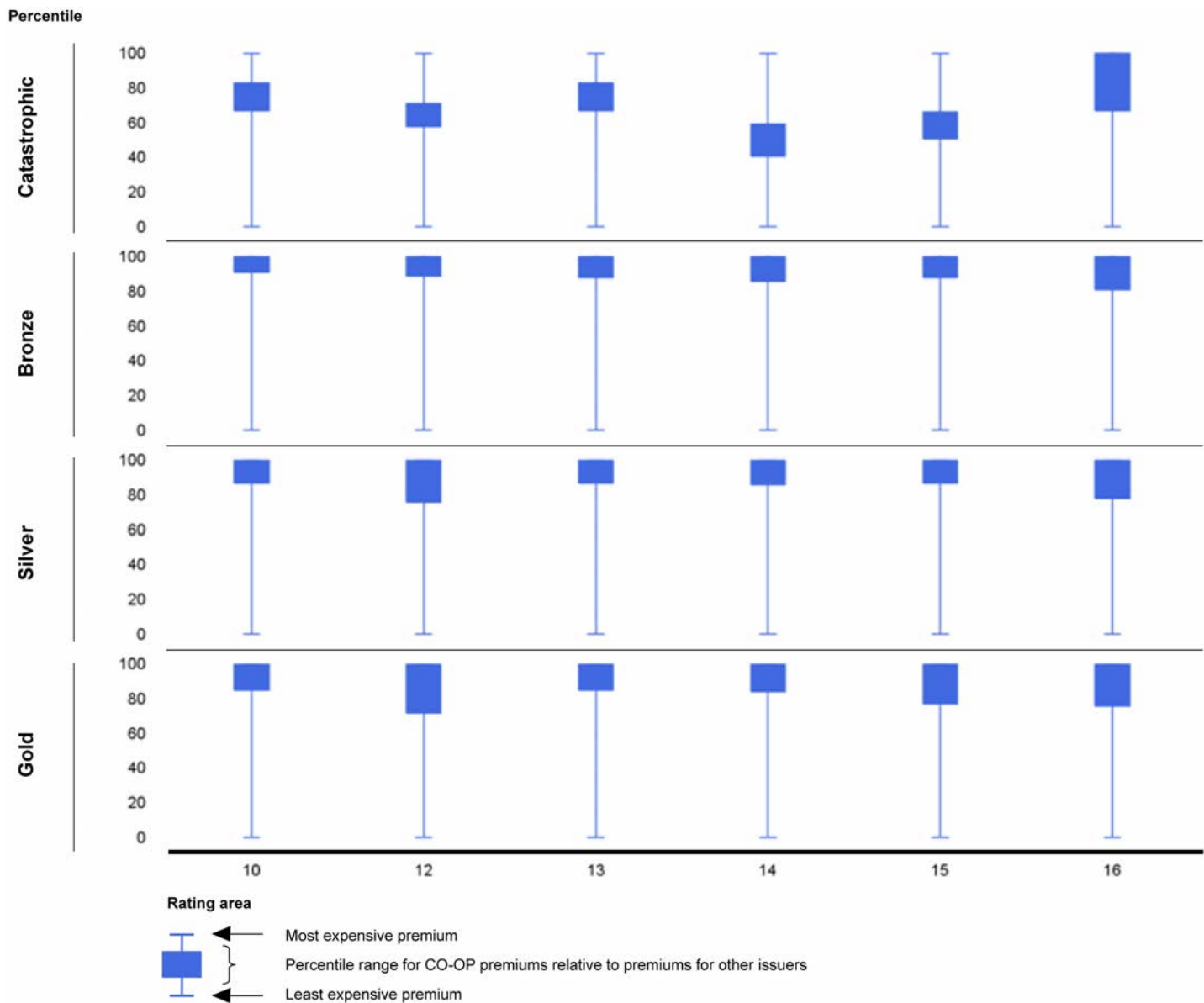
Appendix XII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Michigan

The consumer operated and oriented plan (CO-OP) in Michigan offered catastrophic, bronze, silver, and gold health plans in 13 of the state's 16 rating areas, but did not offer a platinum health plan. Figure 18 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Michigan tended to be the most expensive premiums. (See fig. 18.)

Figure 18: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Michigan, Individual Age 30, 2014



Appendix XII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Michigan



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were 16 rating areas in Michigan. The CO-OP in Michigan offered one catastrophic, one bronze, two silver, and two gold health plans in rating areas 1 through 5, 7, 8, 10, and 12 through 16. The CO-OP did not offer health plans in rating areas 6, 9, and 11. The CO-OP did not offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix XII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Michigan**

Rating area 1 includes Monroe and Wayne counties.

Rating area 2 includes Macomb and Oakland counties.

Rating area 3 includes St. Clair County.

Rating area 4 includes Lenawee and Washtenaw counties.

Rating area 5 includes Genesee and Shiawassee counties.

Rating area 6 includes Tuscola County.

Rating area 7 includes Ingham and Jackson counties.

Rating area 8 includes Arenac, Bay, Gratiot, and Saginaw counties.

Rating area 9 includes Cass and Van Buren counties.

Rating area 10 includes Branch, Calhoun, and Kalamazoo counties.

Rating area 11 includes Allegan and Barry counties.

Rating area 12 includes Ionia, Kent, Lake, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, and Ottawa counties.

Rating area 13 includes Clare, Gladwin, Isabella, and Midland counties.

Rating area 14 includes Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford counties.

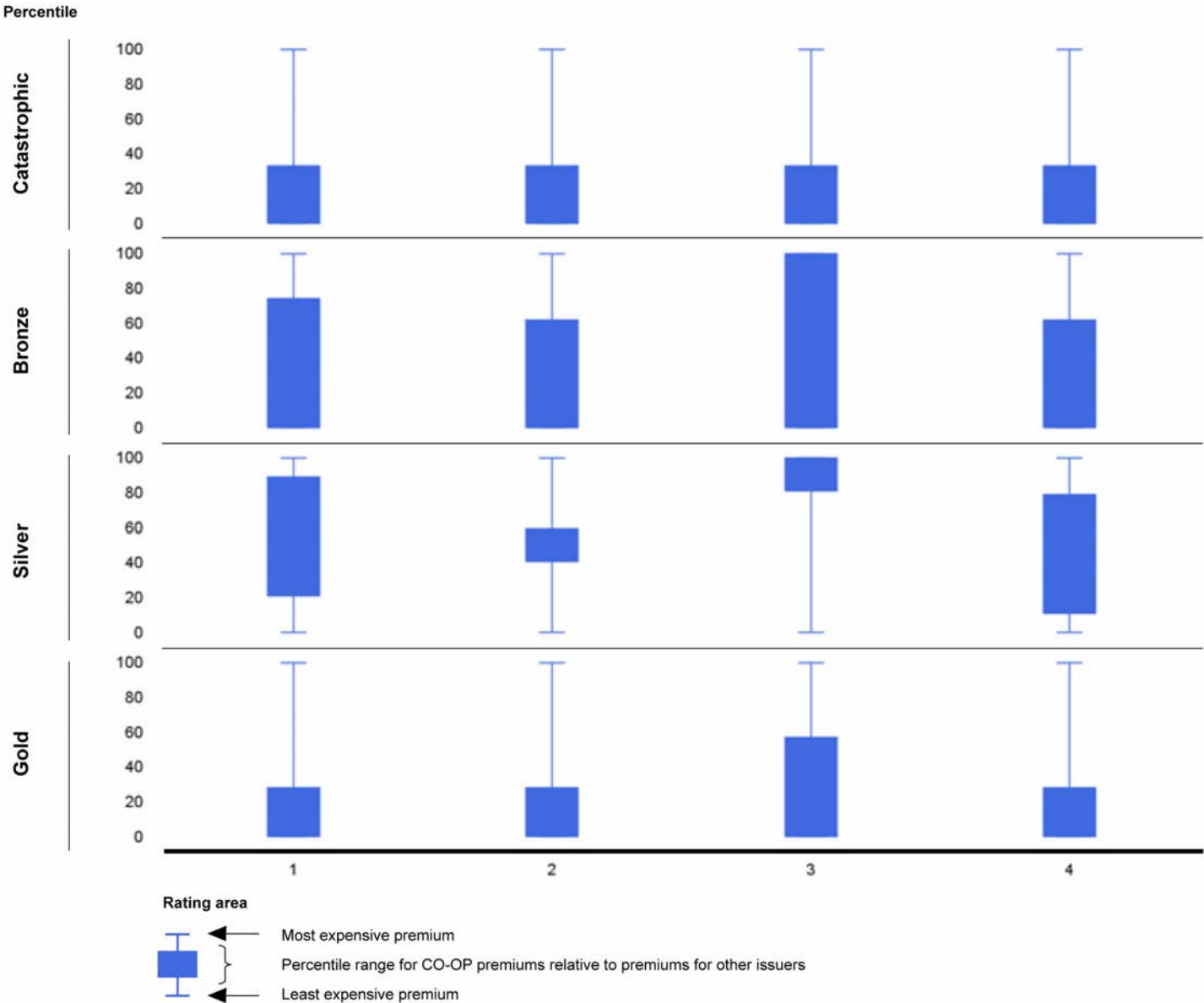
Rating area 15 includes Alcona, Alpena, Cheboygan, Chippewa, Crawford, Iosco, Mackinac, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, and Roscommon counties.

Rating area 16 includes Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Marquette, Menominee, Ontonagon, and Schoolcraft counties.

Appendix XIII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Montana

The consumer operated and oriented plan (CO-OP) in Montana offered plans in all tiers in each of the state's four rating areas. Figure 19 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Montana were generally among the least expensive premiums for catastrophic and gold plans. CO-OP premiums for bronze and silver plans varied widely, ranging from among the least to most expensive. (See fig. 19.)

Figure 19: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Montana, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were four rating areas in Montana. The CO-OP in Montana offered one catastrophic and platinum health plan in each rating area. The CO-OP offered two bronze, silver, and gold health plans in each rating area. The CO-OP was the only issuer to offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix XIII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Montana**

Rating area 1 includes Carbon, Musselshell, Stillwater, Sweet Grass and Yellowstone counties.

Rating area 2 includes Broadwater, Cascade, Chouteau, Clark, Deer Lodge, Gallatin, Judith Basin, Lewis and Jefferson, Silver Bow, and Teton counties.

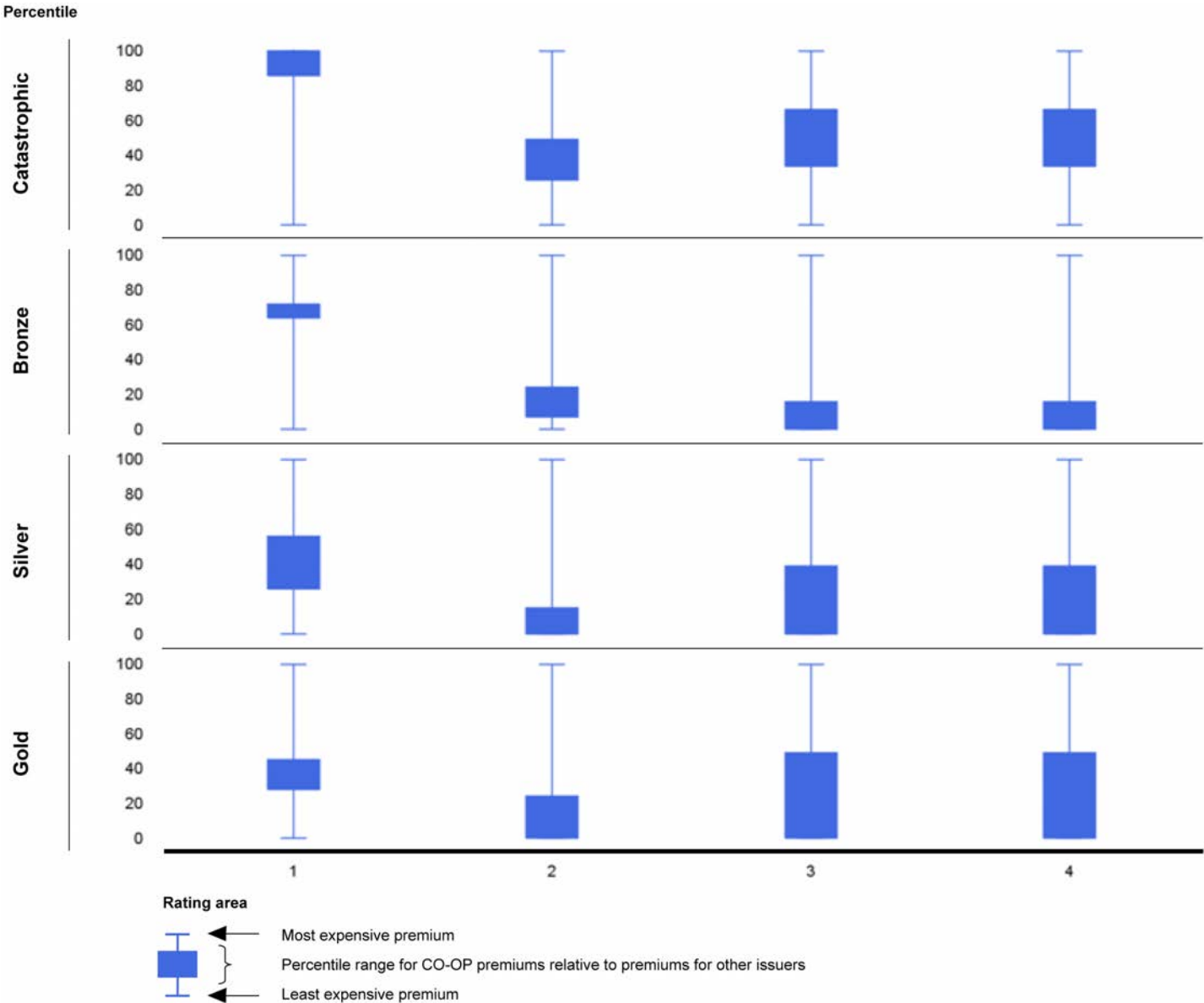
Rating area 3 includes Flathead, Lake, and Missoula counties.

Rating area 4 includes Beaverhead, Big Horn, Blaine, Carter, Custer, Daniels, Dawson, Fallon, Fergus, Garfield, Glacier, Golden Valley, Granite, Hill, Liberty, Lincoln, Madison, McCone, Meagher, Mineral, Park, Petroleum, Phillips, Pondera, Powder River, Powell, Prairie, Ravalli, Richland, Roosevelt, Rosebud, Sanders, Sheridan, Toole, Treasure, Valley, Wheatland, and Wibaux counties.

Appendix XIV: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Nebraska

The consumer operated and oriented plan (CO-OP) in Nebraska offered plans in all tiers in each of the state's four rating areas. Figure 20 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OPs tended to be among the least expensive premiums, with some exceptions such as catastrophic plans in rating area 1. (See fig. 20.)

Figure 20: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Nebraska, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were four rating areas in Nebraska. The CO-OP in Nebraska offered one catastrophic and platinum health plan in each rating area. The CO-OP offered two bronze, silver, and gold health plans in each rating area. The CO-OP was the only issuer to offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix XIV: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Nebraska**

Rating area 1 includes 3-digit zip codes 680 and 681.

Rating area 2 includes 3-digit zip codes 683, 684, and 685.

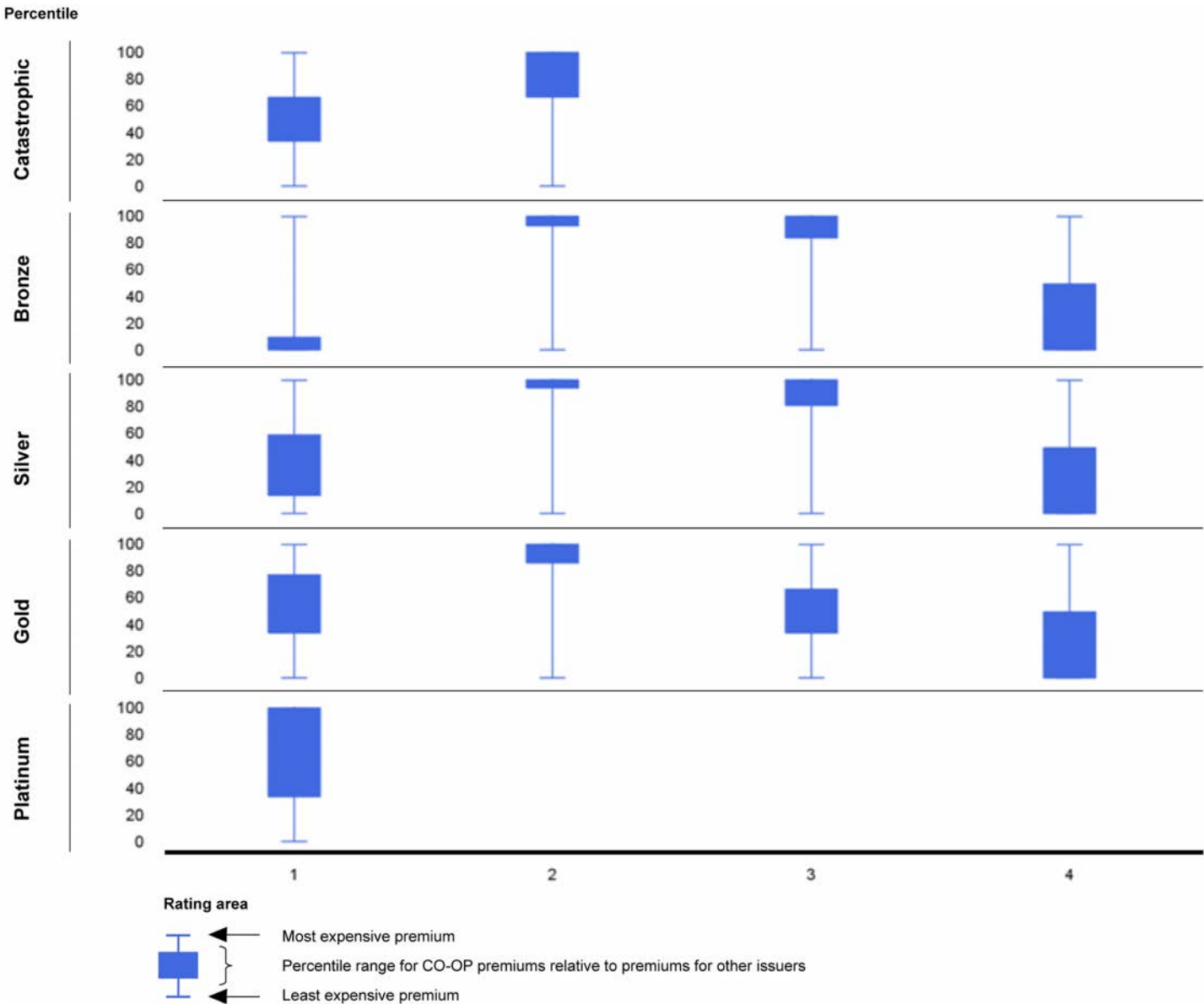
Rating area 3 includes 3-digit zip codes 686, 687, 688, and 689.

Rating area 4 includes 3-digit zip codes 690, 691, 692, and 693.

Appendix XV: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Nevada

The consumer operated and oriented plan (CO-OP) in Nevada offered catastrophic, bronze, silver, and gold health plans in each of the state's four rating areas. Platinum plans were only offered in rating area 1. Figure 21 compares CO-OP premiums to those of all plans. Specifically, it shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Nevada varied depending on the tier and rating area. In rating areas 2 and 3, CO-OP premiums were among the most expensive. (See fig. 21.)

Figure 21: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Nevada, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were four rating areas in Nevada. The CO-OP in Nevada offered one catastrophic, one bronze, four silver, four gold, and two platinum health plans in rating area 1. The CO-OP offered one catastrophic, bronze, silver, and gold health plan in rating areas 2, 3, and 4. The CO-OP did not offer a platinum health plan in rating areas 2, 3, and 4. The CO-OP was the only issuer to offer a catastrophic health plan in rating areas 3 and 4.

**Appendix XV: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Nevada**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Clark and Nye counties.

Rating area 2 includes Washoe County.

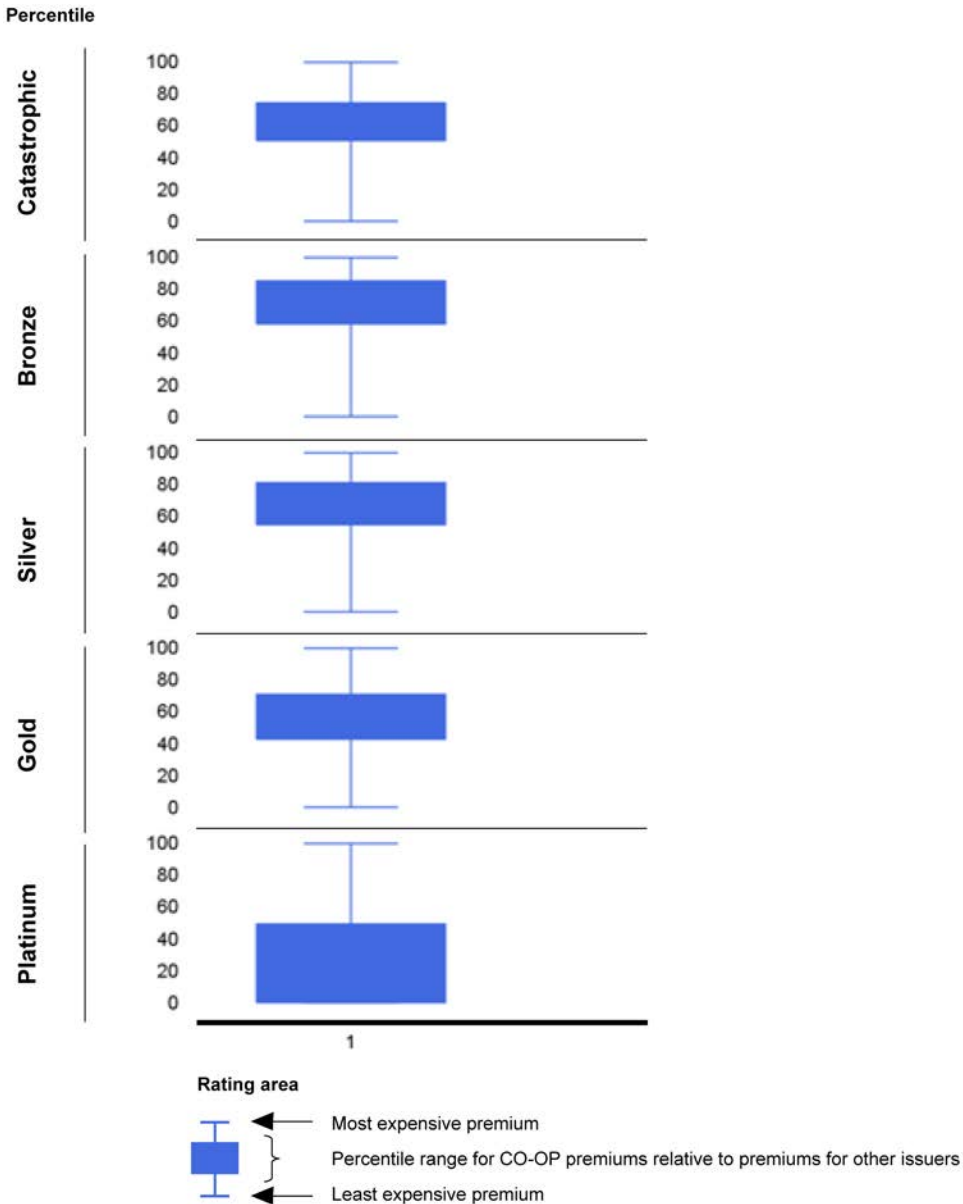
Rating area 3 includes Carson City, Douglas, Lyon, and Storey counties.

Rating area 4 includes Churchill, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Elko, Mineral, Pershing, and White Pine counties.

Appendix XVI: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in New Jersey

The consumer operated and oriented plan (CO-OP) in New Jersey offered a health plan in all tiers in the state's single rating area. Figure 22 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for the health plans offered by the CO-OP in New Jersey were among the more expensive premiums for bronze and silver health plans and in the middle for catastrophic and gold plans. CO-OP premiums for platinum health plans were among the least expensive. (See fig. 22.)

Figure 22: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in New Jersey, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: There was one rating area in New Jersey. The CO-OP in New Jersey offered one catastrophic, three bronze, five silver, three gold, and two platinum health plans.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

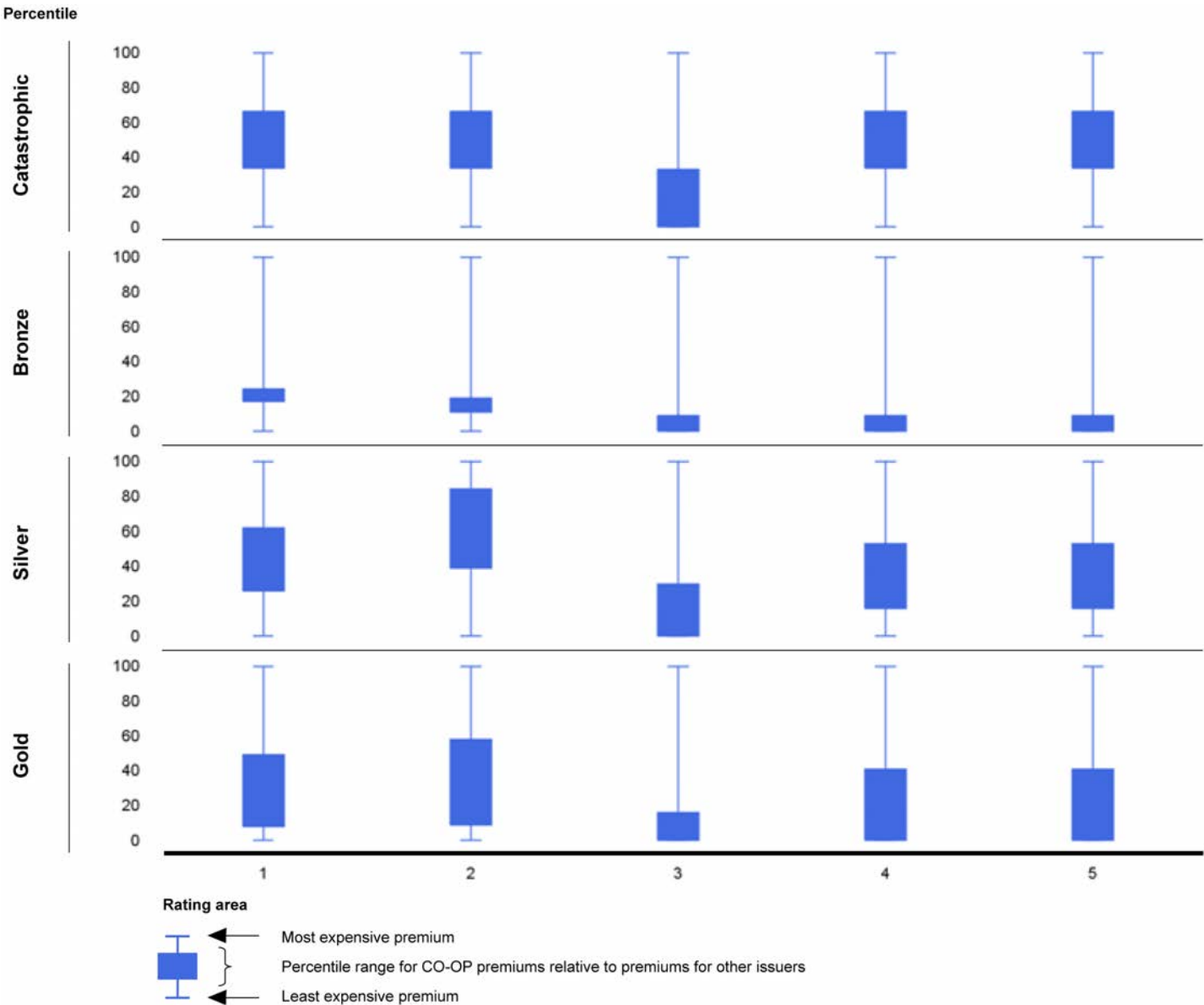
**Appendix XVI: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in New Jersey**

Rating area 1 includes Atlantic, Bergen, Burlington, Camden, Cape May, Cumberland, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Sussex, Union, and Warren counties.

Appendix XVII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in New Mexico

The consumer operated and oriented plan (CO-OP) in New Mexico offered catastrophic, bronze, silver, and gold health plans in each of the state's five rating areas, but did not offer a platinum health plan. Figure 23 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in New Mexico were often among the less expensive premiums for bronze, silver, and gold health plans and were generally in the middle for catastrophic plans. (See fig. 23.)

Figure 23: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in New Mexico, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were five rating areas in New Mexico. The CO-OP in New Mexico offered one catastrophic, one bronze, three silver and two gold health plans in rating area 1. The CO-OP offered one catastrophic, one bronze, two silver and two gold health plans in rating areas 2, 3, and 4. The CO-OP did not offer a platinum health plan.

**Appendix XVII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in New Mexico**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Bernalillo, Sandoval, Torrance, and Valencia counties.

Rating area 2 includes San Juan County.

Rating area 3 includes Don Ana County.

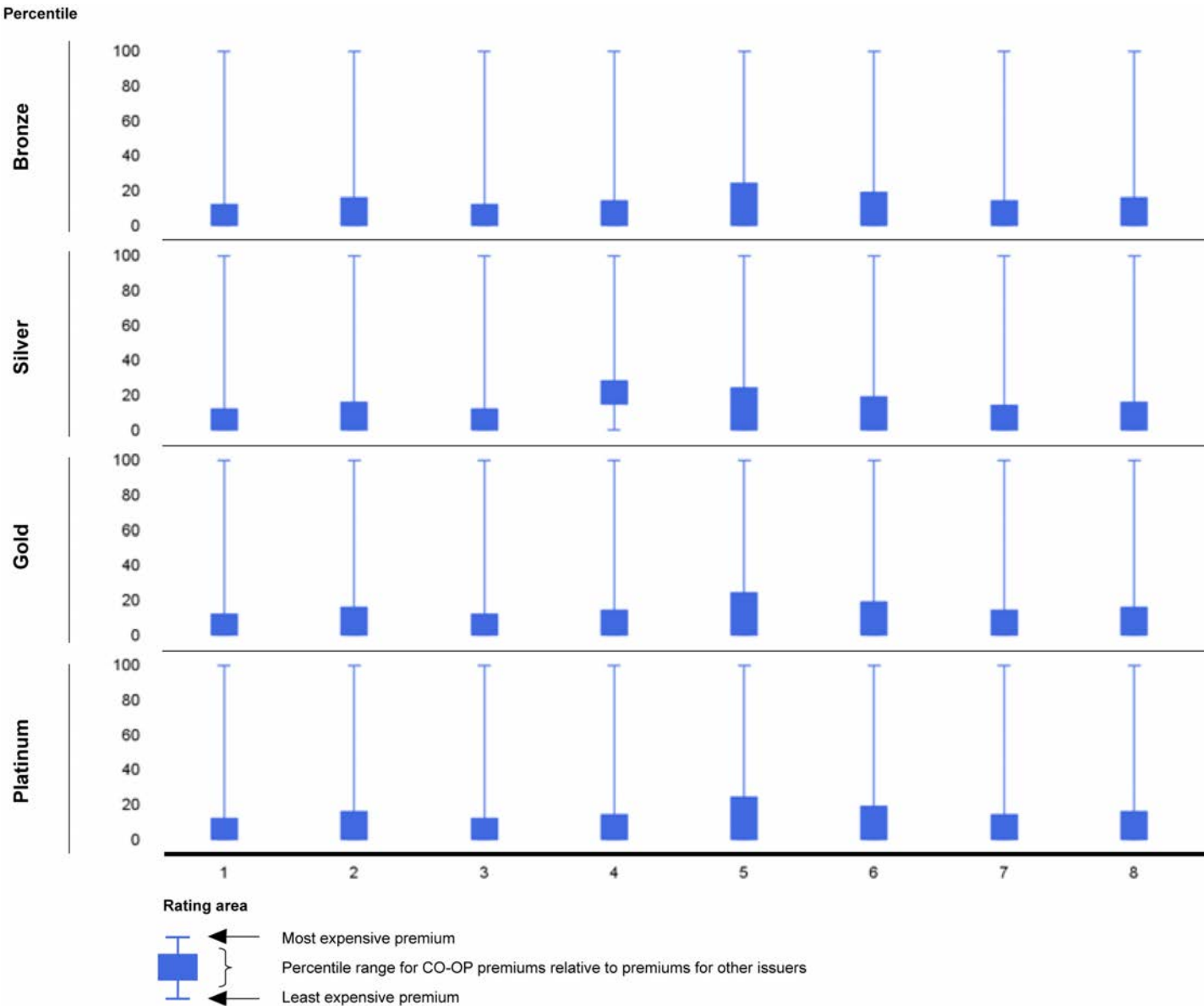
Rating area 4 includes Santa Fe County.

Rating area 5 includes Catron, Chaves, Cibola, Colfax, Curry, DeBaca, Eddy, Grant, Guadalupe, Harding, Hidalgo, Lea, Lincoln, Los Alamos, Luna, McKinley, Mora, Otero, Quay, Rio Arriba, Roosevelt, San Miguel, Sierra, Socorro, Taos, and Union counties.

Appendix XVIII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in New York

The consumer operated and oriented plan (CO-OP) in New York offered bronze, silver, gold, and platinum health plans in each of the state's eight rating areas, but did not offer a catastrophic health plan. Figure 24 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP were consistently among the least expensive premiums across all eight rating areas in New York. (See fig. 24.)

Figure 24: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in New York, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were eight rating areas in New York. The CO-OP in New York offered one bronze, silver, gold, and platinum health plan in each rating area. The CO-OP did not offer a catastrophic health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

**Appendix XVIII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in New York**

Rating area 1 includes Albany, Columbia, Fulton, Greene, Montgomery, Renesselaer, Saratoga, Schenectady, Schoharie, Warren, and Washington counties.

Rating area 2 includes Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, and Wyoming counties.

Rating area 3 includes Delaware, Dutchess, Orange, Putnam, Sullivan, and Ulster counties.

Rating area 4 includes Bronx, Queens, Kings, New York, Richmond, Rockland, and Westchester counties.

Rating area 5 includes Livingston, Monroe, Ontario, Seneca, Wayne, and Yates counties.

Rating area 6 includes Broome, Cayuga, Chemung, Cortland, Onondaga, Schuyler, Steuben, Tioga, and Tompkins counties.

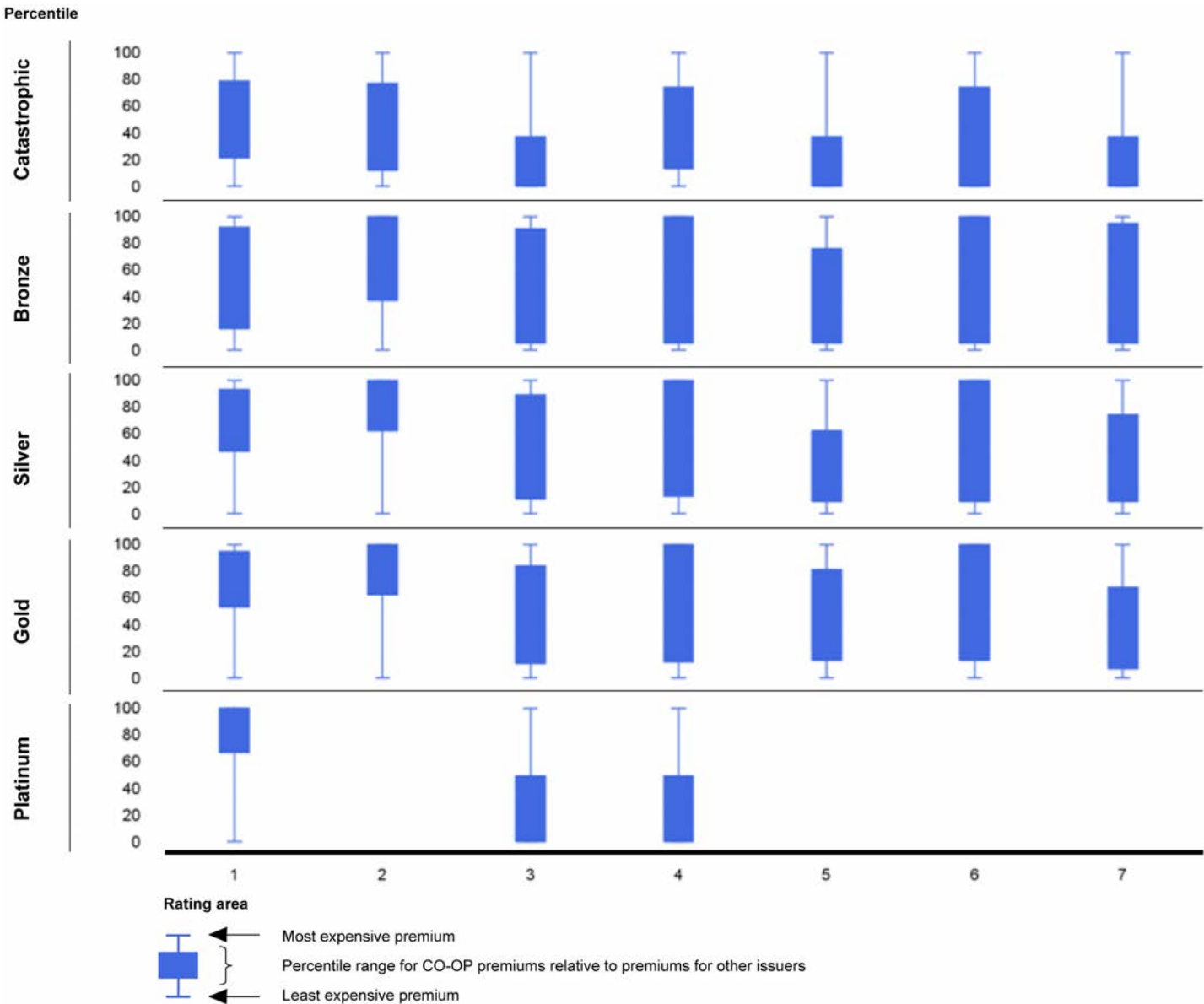
Rating area 7 includes Chenango, Clinton, Essex, Franklin, Hamilton, Herkimer, Jefferson, Lewis, Madison, Oneida, Oswego, Otsego, and St. Lawrence counties.

Rating area 8 includes Nassau and Suffolk counties.

Appendix XIX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Oregon

The two consumer operated and oriented plans (CO-OP) in Oregon offered catastrophic, bronze, silver, and gold health plans in each of the state's seven rating areas, but only platinum health plans in four rating areas. Figure 25 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OPs tended to vary widely, ranging from among the least to the most expensive premiums. (See fig. 25.)

Figure 25: Relative Ranking (in percentiles) of Premiums for the Two Consumer Operated and Oriented Plans (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Oregon, Individual Age 30, 2014



Source: GAO analysis of state data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were seven rating areas in Oregon. Two different CO-OPs offered health plans in Oregon. Together, the CO-OPs offered two catastrophic, four bronze, and five silver health plans in each rating area. The CO-OPs offered five gold and one platinum health plan in rating areas 1 through 4. The CO-OPs offered four gold health plans in rating areas 5 through 7. The CO-OPs did not offer a platinum health plan in rating areas 5 through 7.

**Appendix XIX: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Oregon**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Clackamas, Multnomah, Washington, and Yamhill counties.

Rating area 2 includes Benton, Lane, and Linn counties.

Rating area 3 includes Marion and Polk counties.

Rating area 4 includes Deschutes, Klamath, and Lake counties.

Rating area 5 includes Columbia, Coos, Curry, Lincoln, and Tillamook counties.

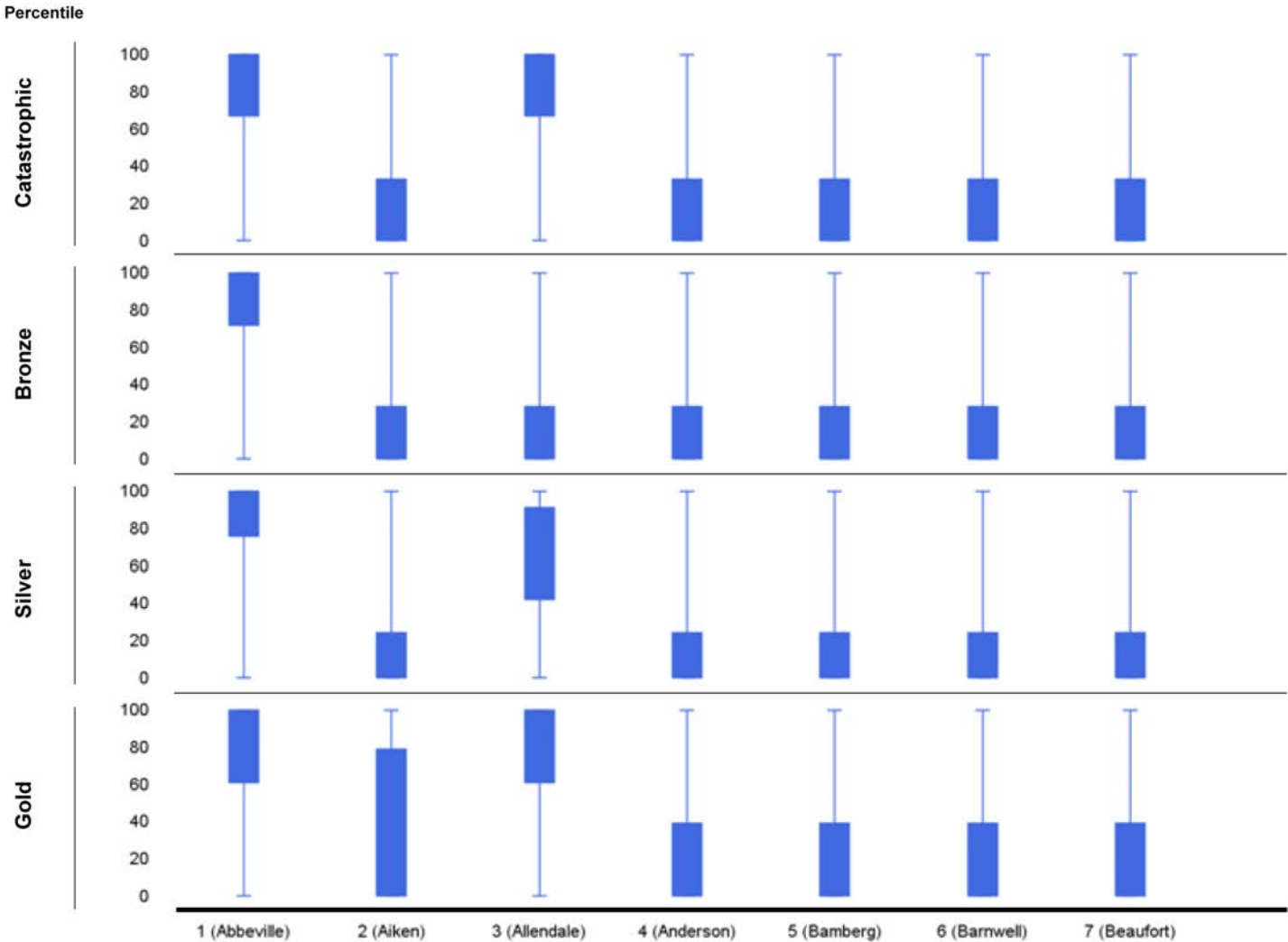
Rating area 6 includes Crook, Gilliam, Grant, Harney, Hood River, Jefferson, Malheur, Morrow, Sherman, Umatilla, Union, Wallowa, Wasco, and Wheeler counties.

Rating area 7 includes Douglas, Jackson, and Josephine counties.

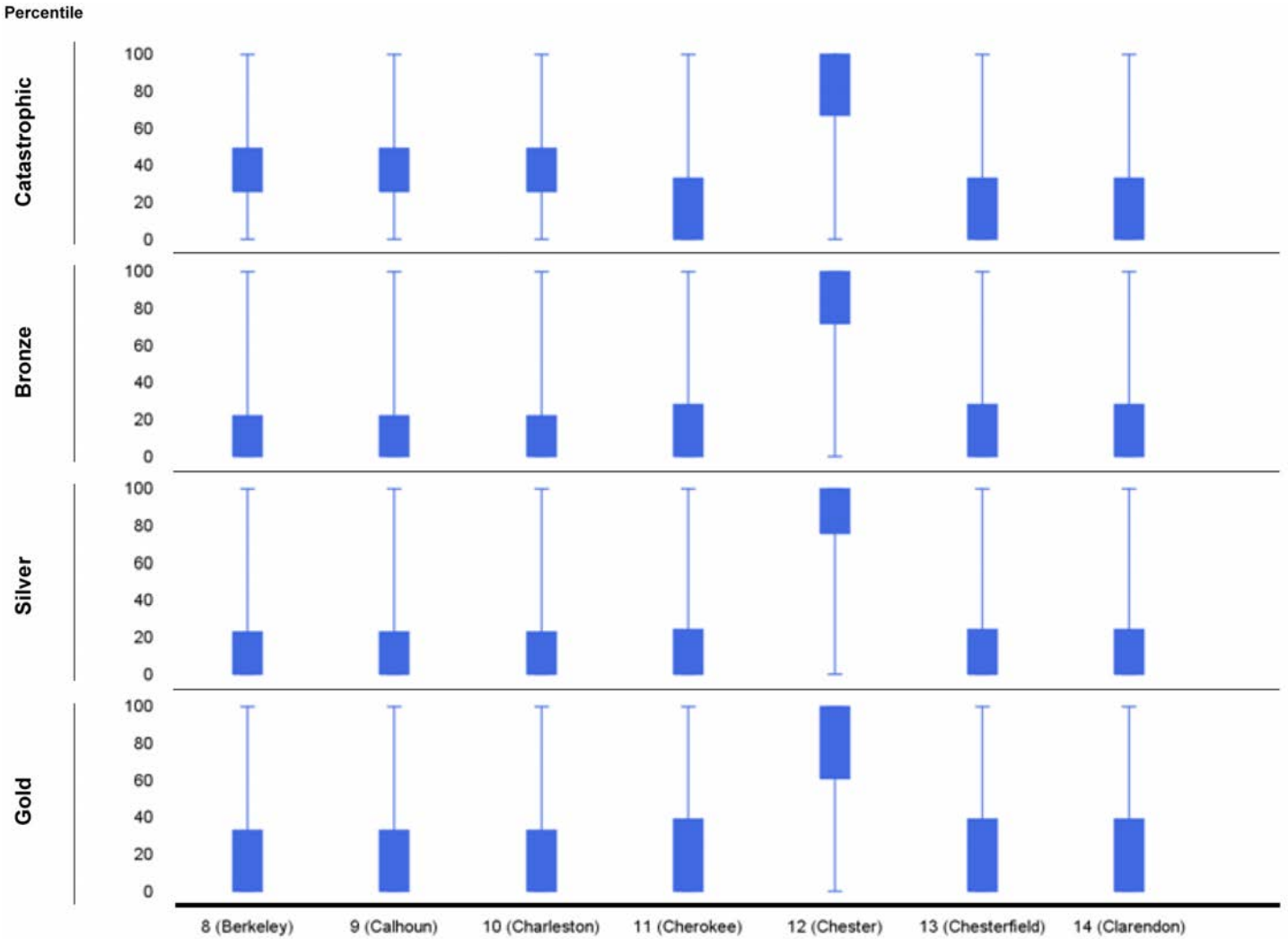
Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina

The consumer operated and oriented plan (CO-OP) in South Carolina offered catastrophic, bronze, silver, and gold health plans in each of the state's 46 rating areas, but did not offer a platinum health plan. Figure 26 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in South Carolina tended to be among the least expensive premiums. However, CO-OP premiums were among the most expensive premiums in some rating areas. (See fig. 26.)

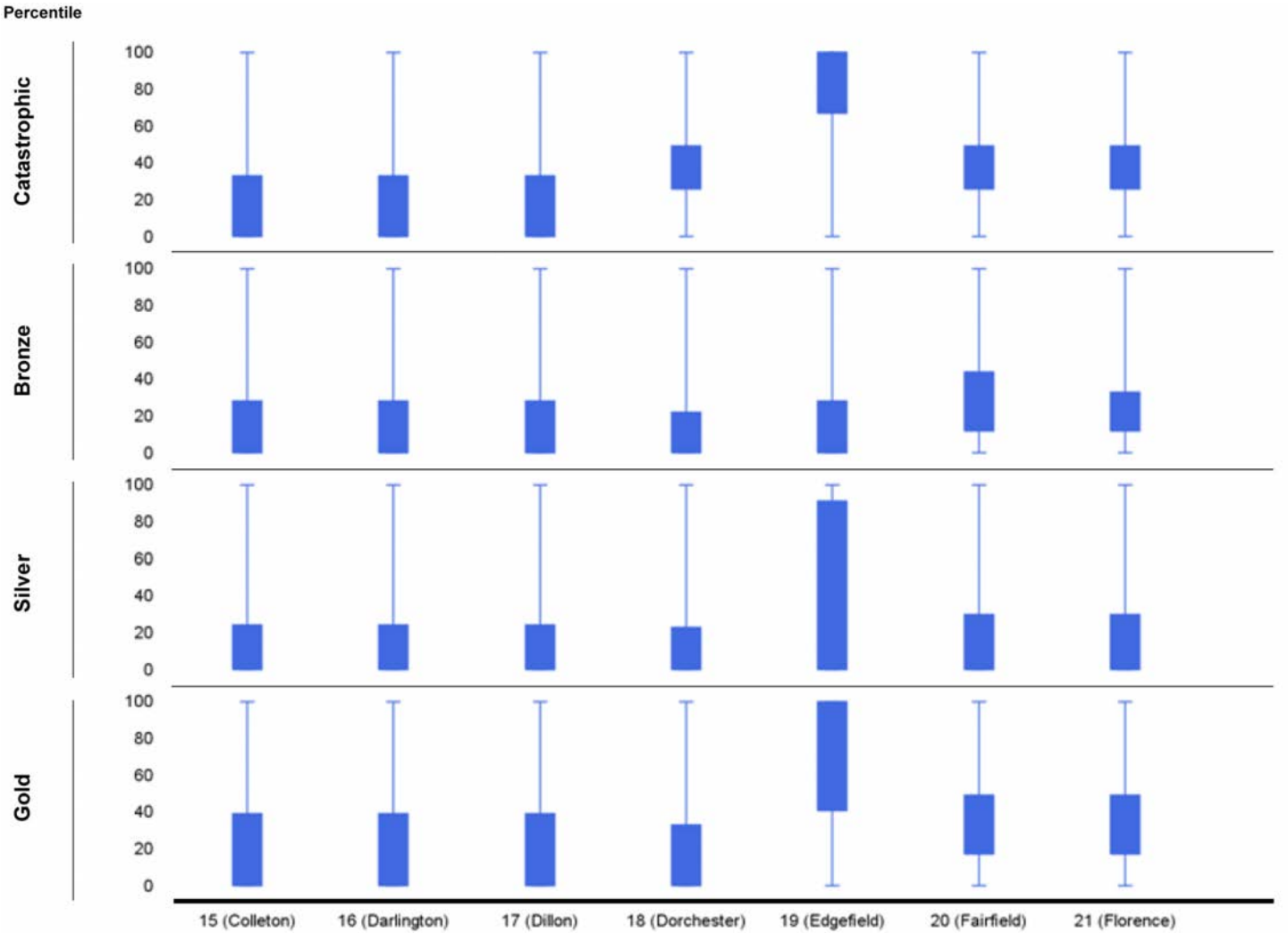
Figure 26: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in South Carolina, Individual Age 30, 2014



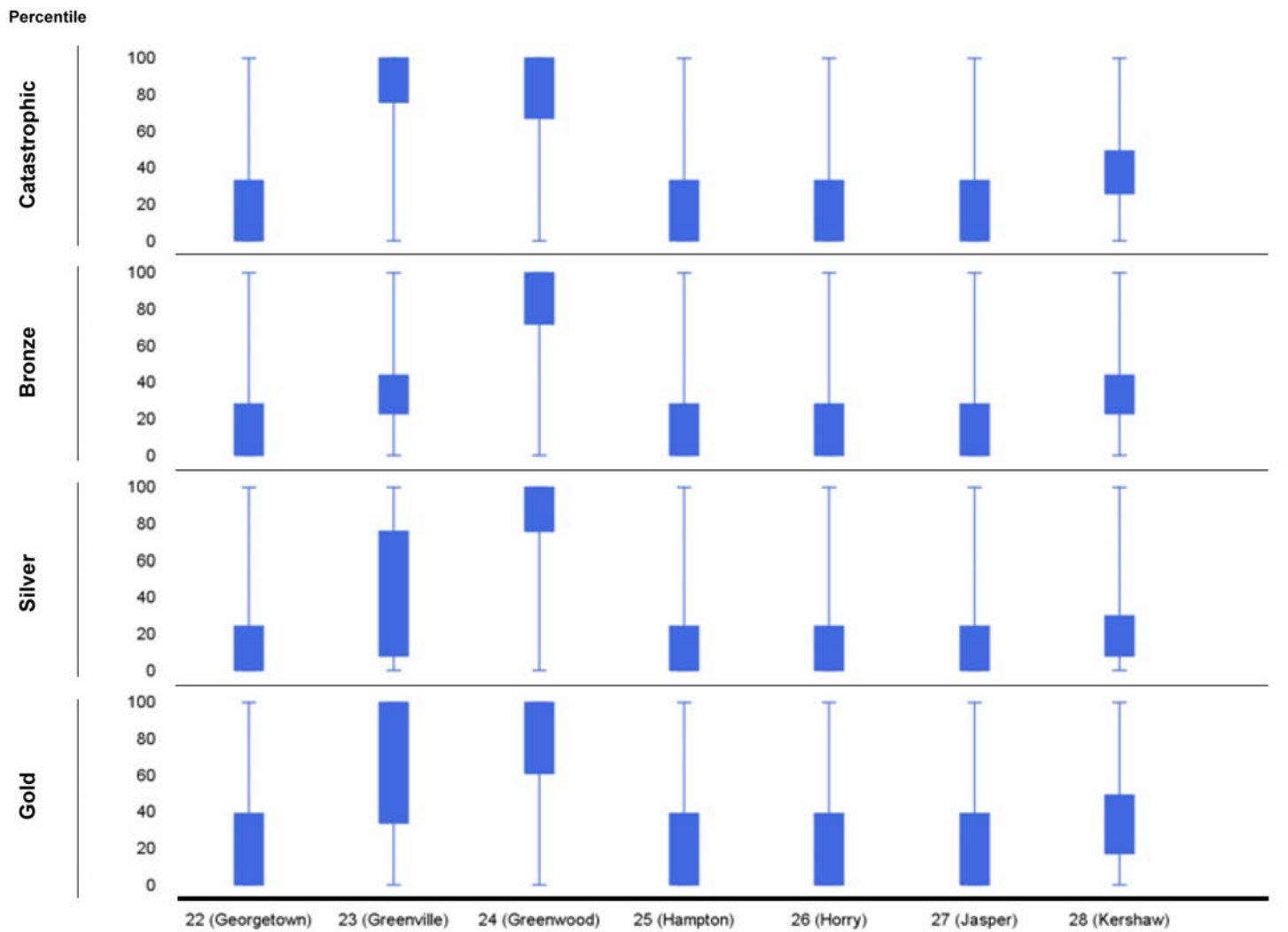
Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



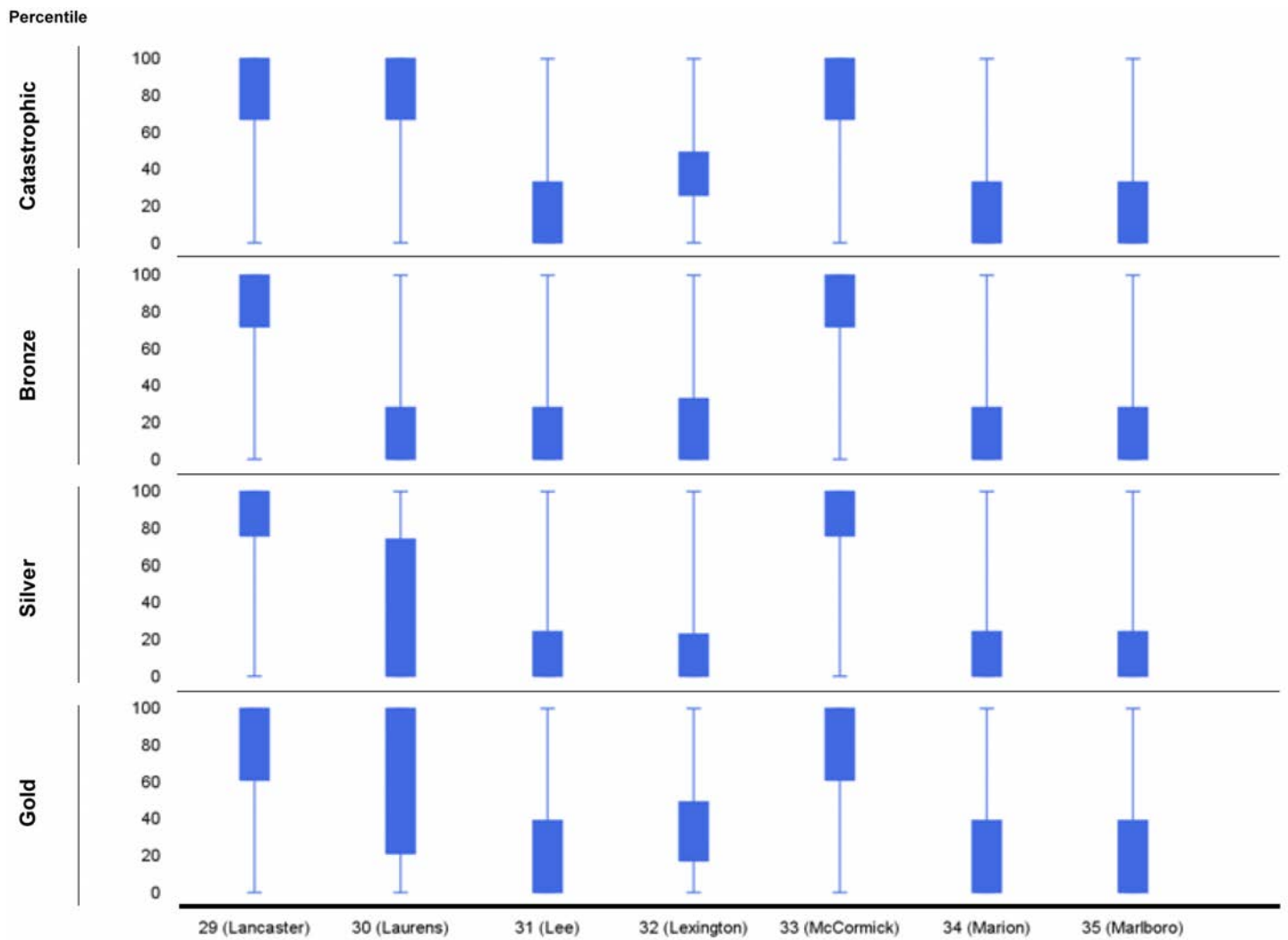
Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



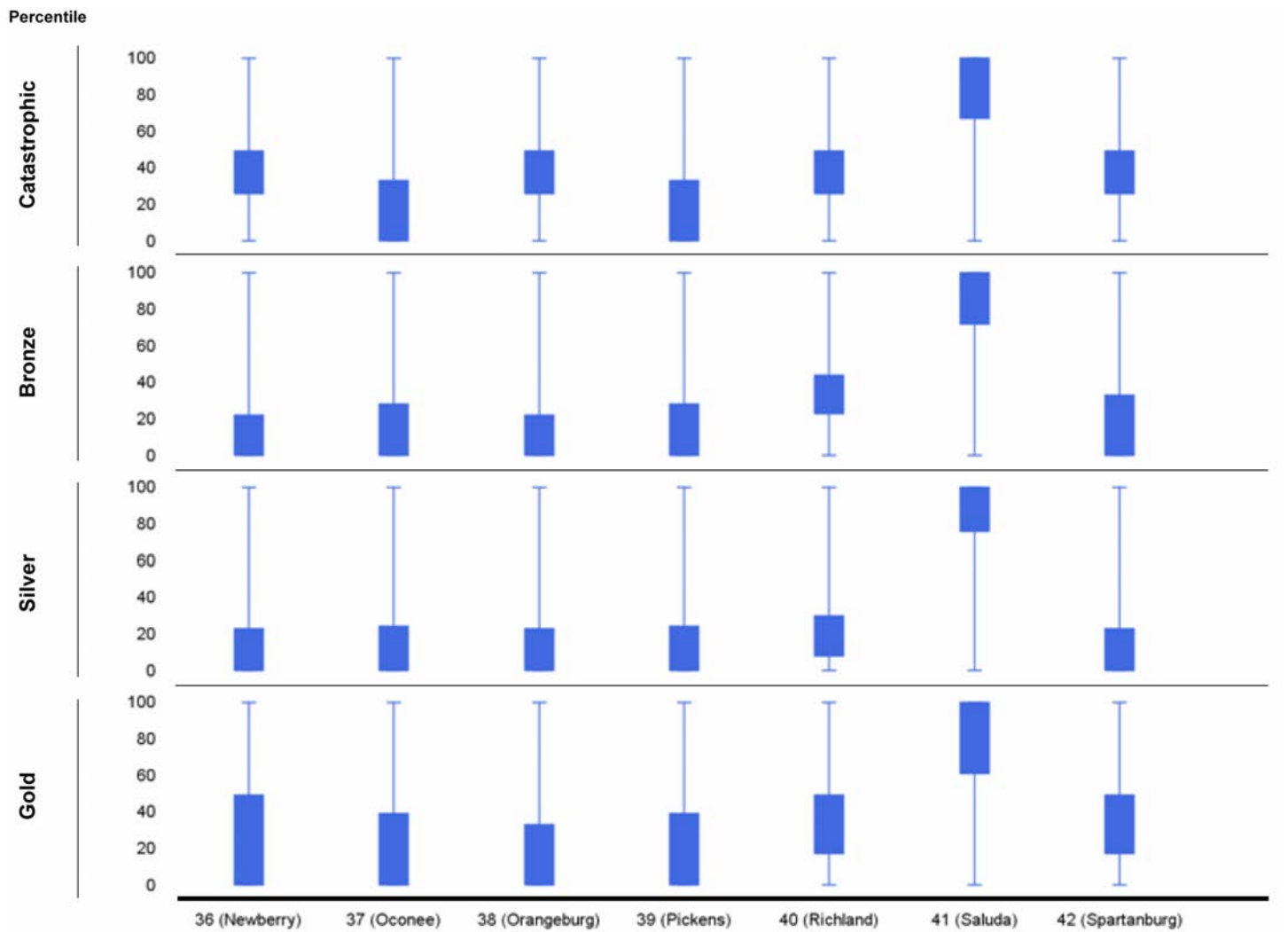
Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



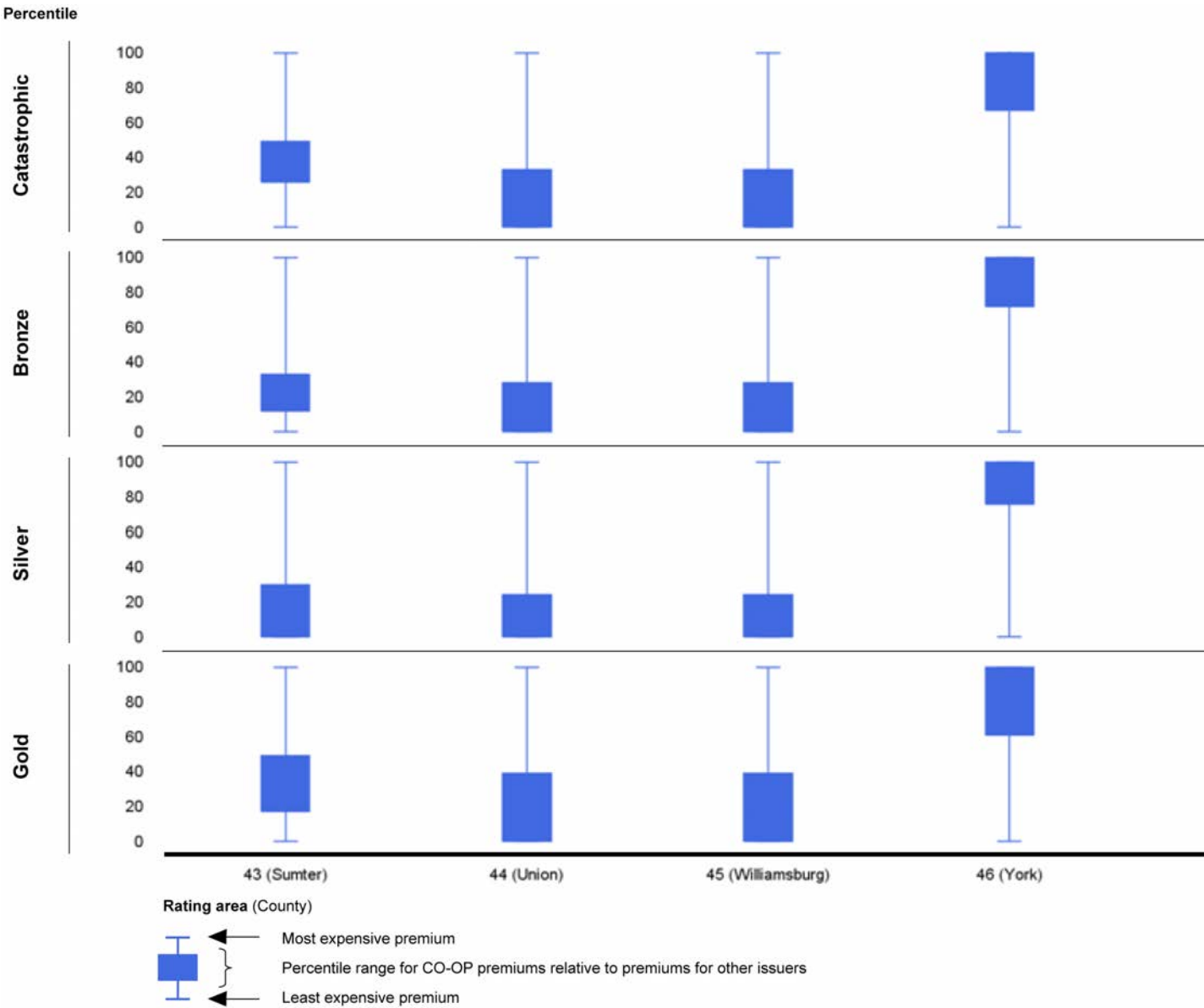
Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



Appendix XX: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in South Carolina



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

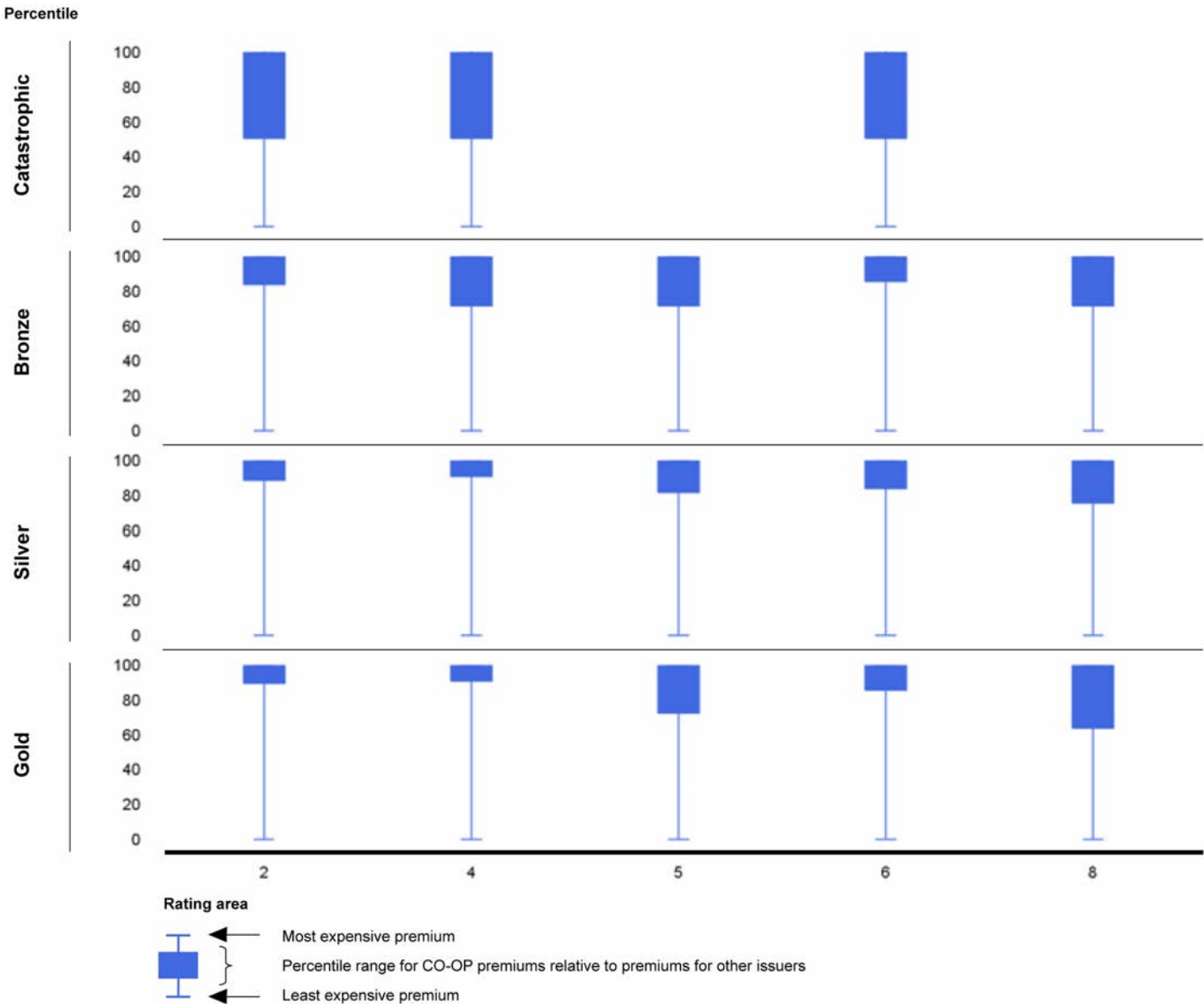
Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were 46 rating areas in South Carolina. The CO-OP in South Carolina offered one catastrophic, two bronze, three silver, and two gold health plans in each rating area. The CO-OP did not offer a platinum health plan.

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Appendix XXI: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Tennessee

The consumer operated and oriented plan (CO-OP) in Tennessee offered catastrophic, bronze, silver, and gold health plans in five of the state's eight rating areas, but did not offer a platinum health plan. Figure 27 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Tennessee tended to be among the most expensive premiums. (See fig. 27.)

Figure 27: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Tennessee, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were eight rating areas in Tennessee. The CO-OP in Tennessee offered one catastrophic, two bronze, three silver, and two gold health plans in rating areas 2, 4, 5, 6, and 8. The CO-OP did not offer health plans in rating areas 1, 3, and 7. The CO-OP did not offer a platinum health plan.

**Appendix XXI: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Tennessee**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties.

Rating area 2 includes Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Morgan, Roane, Scott, Sevier, and Union counties.

Rating area 3 includes Bledsoe, Bradley, Franklin, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea, and Sequatchie counties.

Rating area 4 includes Davidson, Montgomery, Robertson, Rutherford, Sumner, Trousdale, Williamson, and Wilson counties.

Rating area 5 includes Benton, Carroll, Chester, Crockett, Decatur, Dyer, Gibson, Hardeman, Hardin, Henderson, Henry, Lake, Madison, McNairy, Obion, and Weakley counties.

Rating area 6 includes Fayette, Haywood, Lauderdale, Shelby, and Tipton counties.

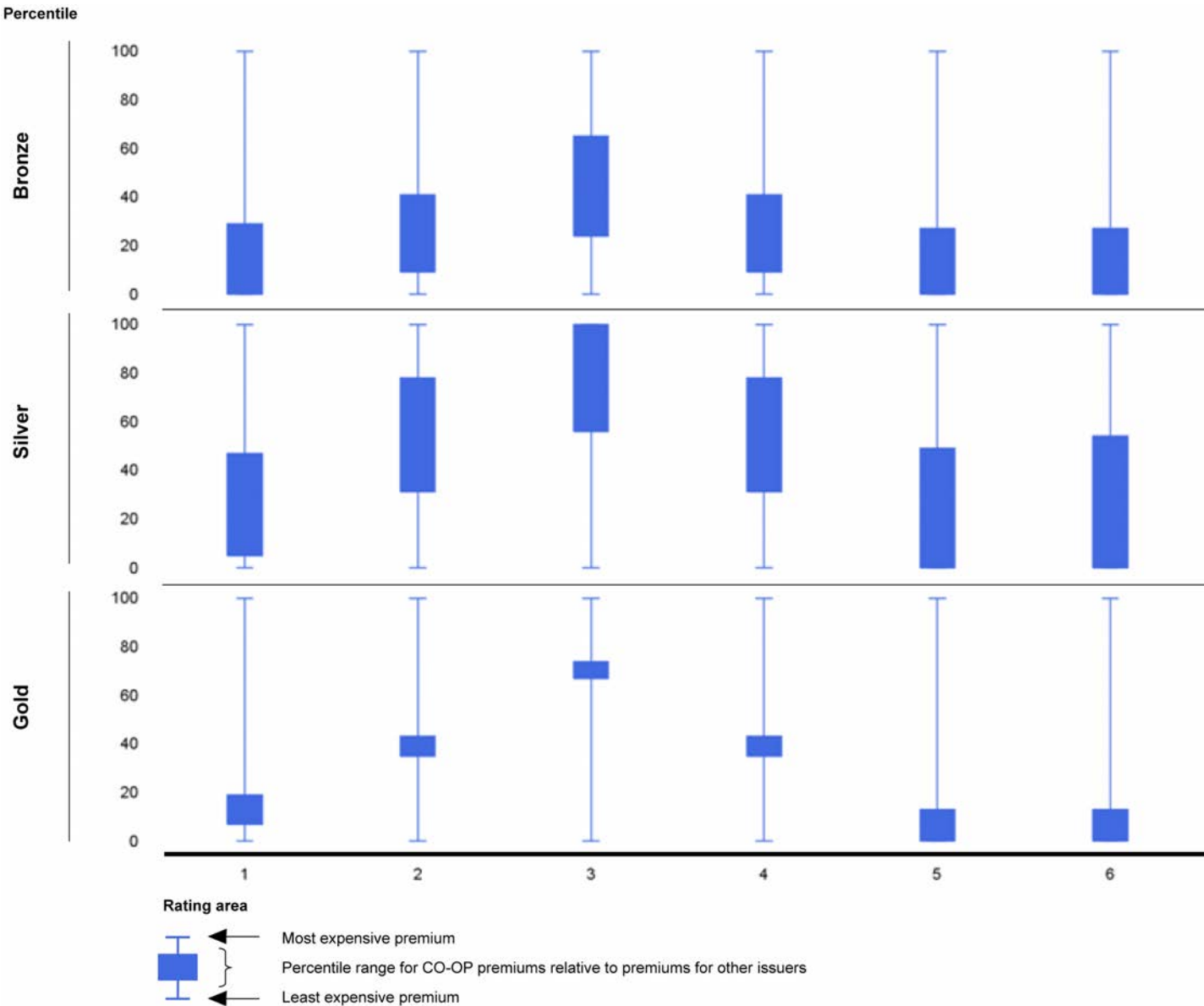
Rating area 7 includes Cannon, Clay, Cumberland, DeKalb, Fentress, Jackson, Macon, Overton, Pickett, Putnam, Smith, Van Buren, Warren, and White counties.

Rating area 8 includes Coffee, Dickson, Giles, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry, Stewart, and Wayne counties.

Appendix XXII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Utah

The consumer operated and oriented plan (CO-OP) in Utah offered bronze, silver, and gold health plans in each of the state's six rating areas, but did not offer a catastrophic or platinum health plan. Figure 28 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Utah were among the least expensive premiums in three of the state's six rating areas and tended to be in the middle for the other rating areas. (See fig. 28.)

Figure 28: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Utah, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were six rating areas in Utah. The CO-OP in Utah offered four bronze, five silver, and two gold health plans in rating area 1. The CO-OP offered five bronze, six silver, and two gold health plans in rating areas 2 through 6. The CO-OP did not offer catastrophic and platinum health plans.

**Appendix XXII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Utah**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Cache and Rich counties.

Rating area 2 includes Box Elder, Davis, Morgan, Salt Lake, Summit, and Weber counties.

Rating area 3 includes Tooele and Wasatch counties.

Rating area 4 includes Utah County.

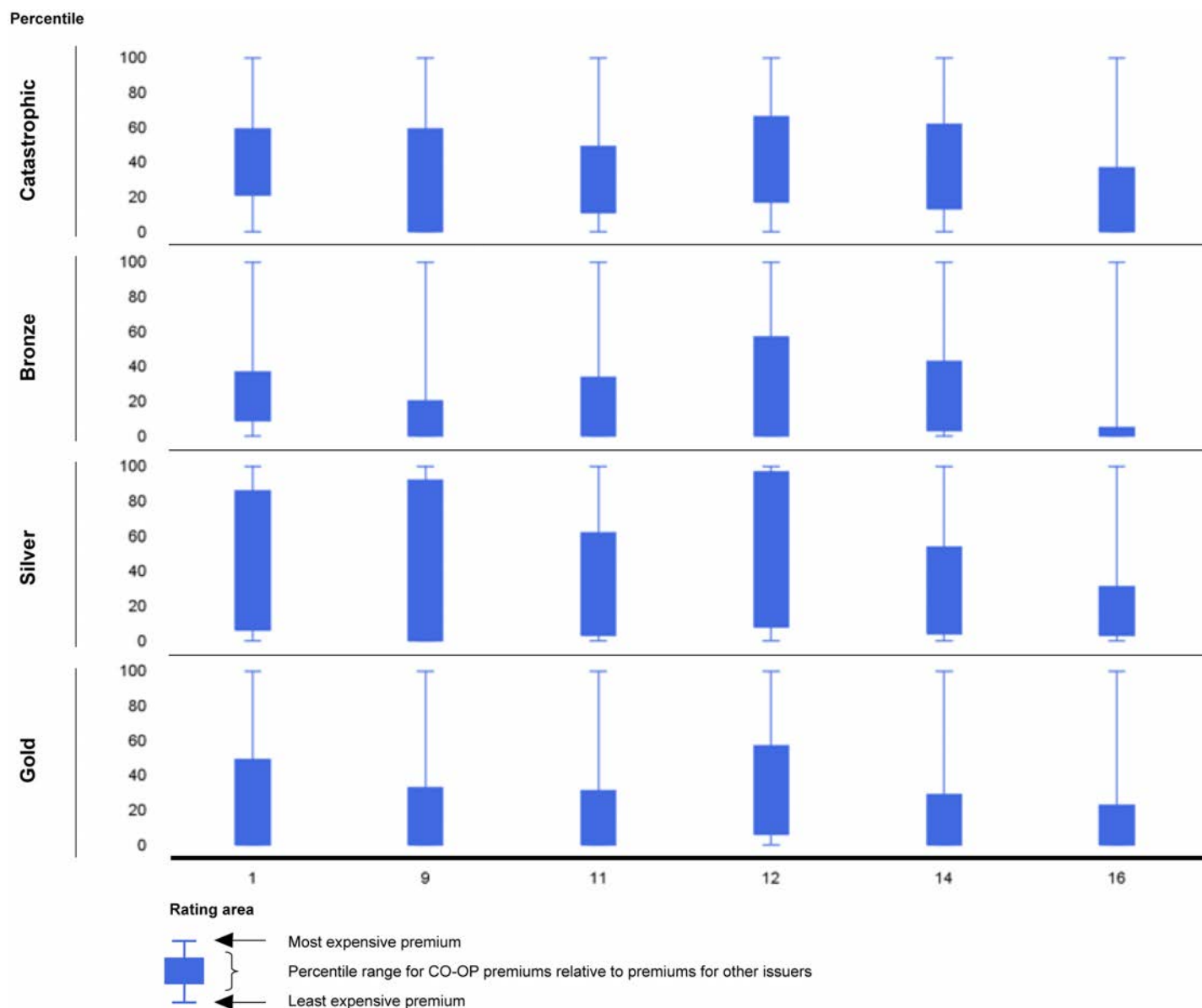
Rating area 5 includes Iron and Washington counties.

Rating area 6 includes Duchesne, Emery, Garfield, Grand, Juab, Kane, Millard, Piute, San Juan, Sanpete, Sevier, Uintah, and Wayne counties.

Appendix XXIII: Consumer Operated and Oriented Plan Premiums Relative to Other Issuers' Premiums in Wisconsin

The consumer operated and oriented plan (CO-OP) in Wisconsin offered catastrophic, bronze, silver, and gold health plans in six of the state's 16 rating areas, but did not offer a platinum health plan. Figure 29 compares CO-OP premiums to those of all plans. Specifically, the figure shows the percentile range in which CO-OP premiums fell after rank-ordering all plans. The premiums for health plans offered by the CO-OP in Wisconsin tend to be among the less expensive premiums. However, CO-OP premiums varied widely for silver health plans in rating areas 1, 9, and 12, ranging from among the least to the most expensive. (See fig. 29.)

Figure 29: Relative Ranking (in percentiles) of Premiums for the Consumer Operated and Oriented Plan (CO-OP) Compared to Premiums for Other Health Plans by Rating Area and Tier in Wisconsin, Individual Age 30, 2014



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-15-304

Notes: The figure displays rating areas where both a CO-OP and at least one other issuer offered health plans. In total, there were sixteen rating areas in Wisconsin. The CO-OP in Wisconsin offered two catastrophic, two bronze, eight silver, and four gold health plans in rating areas 1, 9, 11, 12, 14, and 16. The CO-OP did not offer health plans in rating areas 2 through 8, 10, 13, and 15. The CO-OP did not offer a platinum health plan.

**Appendix XXIII: Consumer Operated and
Oriented Plan Premiums Relative to Other
Issuers' Premiums in Wisconsin**

Plans in the same metal level have the same actuarial value. Catastrophic plans are not required to meet actuarial value targets, but must have actuarial values less than 60 percent.

Rating area 1 includes Milwaukee County.

Rating area 2 includes Dane County.

Rating area 3 includes Polk, Pierce, and St. Croix counties.

Rating area 4 includes Chippewa, Dunn, Eau Claire, and Pepin counties.

Rating area 5 includes Ashland, Bayfield, Burnett, Douglas, Sawyer, and Washburn counties.

Rating area 6 includes Buffalo, Jackson La Crosse, Monroe, and Trempealeau counties.

Rating area 7 includes Crawford, Grand, Iowa, LaFayette, and Vernon counties.

Rating area 8 includes Clark, Price, Rusk, and Taylor counties.

Rating area 9 includes Racine and Kenosha counties.

Rating area 10 includes Lincoln, Marathon, Portage, and Rusk counties.

Rating area 11 includes Calumet, Dodge, Fond du Lac, Sheboygan, and Winnebago counties.

Rating area 12 includes Ozaukee, Washington, and Waukesha counties.

Rating area 13 includes Florence, Forest, Iron, Langlade, Oneida, and Vilas counties.

Rating area 14 includes Columbia, Green, Jefferson, Rock, and Walworth counties.

Rating area 15 includes Adams, Green Lake, Juneau, Marquette, Richland, and Sauk counties.

Rating area 16 includes Brown, Door, Kewaunee, Manitowoc, Menominee, Oconto, and Shawano counties.

Appendix XXIV: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

APR 16 2015

Vijay A. D'Souza
Director, Health Care
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. D'Souza:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "*Private Health Insurance: Premiums and Enrollment for New Nonprofit Health Issuers Varied Significantly in 2014*" (GAO-15-304).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in black ink, reading "Jim R. Esquea", is positioned above the printed name.

Jim R. Esquea
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT REPORT ENTITLED: PRIVATE HEALTH INSURANCE: PREMIUMS AND ENROLLMENT FOR NEW NONPROFIT HEALTH ISSUERS VARIED SIGNIFICANTLY IN 2014 (GAO-15-304)

The U.S. Department of Health and Human Services (HHS) appreciates the opportunity from Government Accountability Office (GAO) to review and comment on this draft report. HHS takes its commitment to both the consumer operated and oriented plan (CO-OP) beneficiaries and taxpayers seriously as we have managed the CO-OP program.

Implementation of the CO-OP program has been a collaborative effort among the Centers for Medicare & Medicaid Services, state departments of insurance (DOIs), and the new CO-OP plans. States are the primary regulator of health insurance issuers and market rules and state DOIs oversee the financial stability of issuers and protect consumers in those markets. In addition to state regulation, HHS's role is to monitor CO-OPs for compliance with their loan agreements and program policies.

HHS continues to conduct oversight of CO-OPs as they enter their operational phase. CO-OP account managers have regular status meetings during which CO-OPs report on progress in achieving milestones, as well as about progress on operational experience. To ensure strong financial management, CO-OPs are required to submit quarterly financial statements, including cash flow data, receive site visits, and undergo annual external audits, in order to promote sustainability and capacity to repay loans. This monitoring is concurrent with ongoing financial and operational monitoring by state insurance regulators.

In February 2015, HHS added general reporting requirements for CO-OPs going forward, beginning with the March 2015 data submissions. Specifically, CO-OPs are now required to provide standardized monthly data that includes enrollment and disenrollment figures that are specific to the Marketplace in which the CO-OP is offered and assembled by plan type (individual, small group, and large group). CO-OPs also must provide more robust semi-annual reporting that includes more detailed quantitative data across all reporting elements.

While the day-to-day oversight of insurance companies and review and approval of their products and rates is performed by state regulators, HHS will continue to monitor each CO-OP's progress and remains committed to facilitating access to affordable, high-quality health insurance for all Americans.

Appendix XXV: GAO Contact and Staff Acknowledgments

GAO Contact

Vijay D'Souza, (202) 512-7114 or DsouzaV@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Robert Copeland, Assistant Director; Dee Abasute; Sandra George; Giselle Hicks; Aaron Holling; Drew Long; and Christina Serna made key contributions to this report.

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