

A CONSUMER OPERATED AND ORIENTED PLAN (CO-OP) IN NEW MEXICO A PROPOSAL FROM NEW MEXICO HEALTH CONNECTIONS

Background

The Patient Protection and Affordable Care Act of 2010 (PPACA) includes a provision for states to develop a non-profit consumer operated and oriented insurance plan (CO-OP). Health and Human Services (HHS) has allocated \$3.8 billion dollars to fund CO-OP development in every state. This not a traditional “cooperative” – profits generated can only be used for improving benefits or reducing premiums. No dividends can be distributed to members.

Relationship of the CO-OP and Health Insurance Exchange (Exchange)

The CO-OP insurance plan would be sold through the Exchange, alongside other insurance plans such as Presbyterian, Blue Cross, Molina, Lovelace and others. Even if a state does not set up an Exchange, the CO-OP can be sold through the Exchange that the Federal Government will establish for that state.

New Mexico Health Connections

With this opportunity in mind, a group has formed the New Mexico Health Connections (NMHC) as a non-profit corporation and will be applying for the start-up and solvency funds available through HHS. This transitional Board includes, among others, clinical service providers; when operational, the Board has to be dominated by consumers. We envision a plan that includes clinical advisory groups with practicing clinicians.

Need for Action

The federal government has issued a Funding Opportunity Announcement (FOA) that requires application for funds by October 16, 2011. Among the requirements of the FOA are:

1. A feasibility study to support this application. We will be working with a national actuarial firm (Milliman) to assess our target market, as well as the costs/risks to determine financial viability.
2. Letters of support from state-wide providers/networks.
3. Community support including business and employer groups.

Target Population

The primary population targeted for coverage under this CO-OP health plan will be the working uninsured and individuals who purchase insurance, estimated at 150,000 to 180,000. We will confirm numbers through actuarial studies. Other groups can be targeted as well, so long as these two targets are the priority for the CO-OP.

Opportunity Represented by CO-OP

Health reform has provided New Mexico with an opportunity to explore an alternative plan within our state: a not-for-profit health plan that is creative, consumer oriented and provider friendly. The National Advisory Group to CO-OPs recommended that applicants for CO-OP funds provide comprehensive benefits, promote integrated care and support care coordination.¹ We concur with this and envision an insurance plan that is

- Nimble, responsive to the varying needs of the health care delivery system and changes in technology;
- Flexible, matching reimbursement to the needs of the consumer and the services;
- Managing medical risk as an equal priority with financial risk;
- Incentivizing innovation that improves health outcomes and reduces costs;
- Involving the consumer in decisions about plan benefits, limits and priorities.

¹ Report of the Federal Advisory Board on the Consumer Operated and Oriented Plan (CO-OP), March 14, 2011, Page 34

