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## Montanans plan to form insurance co-op

New option | Group set to apply for health-reform funding through federal program

By MIKE DENNISON IR State Bureau Jun 6, 2011

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A group of Montanans, including former state Auditor John Morrison, plans to form a health insurance co-op that would provide a new coverage option for Montanans as member-customers.

The co-op, incorporated in December, expects to apply for federal start-up funding this year so it can begin analyzing whether it can start offering health insurance by 2013 or 2014.

While the nonprofit co-op would compete with established health insurers like Blue Cross Blue Shield of Montana, Morrison and others involved say the emphasis will be creating a health care and payment model that focuses on prevention and controlling costs.

“If all we do is bring in another nonprofit (insurance) carrier to the market, the co-op will not make a big difference,” said Morrison, the state’s former insurance commissioner, late last week. “Our success depends on our ability to introduce new ways to control health costs.”

The Montana Health Cooperative will be one of many co-ops nationwide applying for a portion of \$3.8 billion in federal funding, but Morrison believes the group is further along than most of its kind across the country.

The co-op — an acronym that stands for “consumer oriented and operated plans” — is a creature of the federal health-reform law passed by Congress last year.

Consumer advocates had hoped the law would include the so-called “public option,” a government-run insurance plan that would compete with private insurers.

But, in the face of industry opposition, Congress and President Barack Obama abandoned the public option and instead inserted the co-ops as a possible health insurance option for consumers.

The U.S. Health and Human Services Department expects to post rules on co-op regulations in the coming weeks and will start accepting applications for money that will provide start-up funds and capitalization for the co-ops.

HHS spokesman Brian Chiglinsky says priority will be given to applicants that offer a statewide plan, use “integrated care models” and have “significant private support.”

Board members of the Montana Health Cooperative are Morrison, Tom Roberts, a Missoula physician and president of the Western Montana Clinic, and Chuck Butler of Helena, a retired Blue Cross executive.

Roberts is chairing the co-op’s board; and Morrison, an attorney in private practice in Helena, is the vice-chair.

Roberts says the co-op would offer insurance primarily to individuals and small businesses. It likely would need at least 10,000 members to get off the ground, but 40,000 to 80,000 members would be the goal, he says, to enable it to offer a good product.

Roberts says he got involved because he believes a co-op can offer health care that is built more around “primary care,” a holistic approach that depends less on procedures and specialists and can control costs while keeping patients more healthy.

“The hope is that we can create a product that can be beneficial to Montanans in terms of cost and improving quality,” he says.

Once the rules are out, the Montana co-op will examine how and when it can apply for start-up funds, which would be a loan, and how to use that money.

Even with the federal help, the co-op has a long road ahead of it to determine whether it can work, Roberts says.

“There are huge issues in terms of a business plan,” he says. “How do we contract with the hospitals? What kind of rates can be reasonably expected? Is it financially viable? I don’t think any of us are interested in getting involved in an insurance company that isn’t going to be viable economically.”

Still, Morrison says he thinks a co-op could have an advantage starting with a “blank slate,” to create cost-savings practices from the ground up.

“We have a chance to incorporate into the plan many cost-saving ideas that have a hard time penetrating the existing health-insurance marketplace,” he says. “We have a chance to start over and incorporate good cost-savings ideas from the beginning.”

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