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Health care co-ops in 8 states get federal loans

HEALTH CARE

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John Morrison, President of NASHCO, the National Alliance of State Health Cooperatives and former Montana Insurance Commissioner, announces that \$638,677,300 is being invested by NASHCO in seven health cooperatives serving eight different states, Montana among them, to support these innovative cooperatives, Tuesday, Feb. 21, 2012 in Helena, Mont. "Tens of millions of Americans remain uninsured and businesses are buckling under the crushing cost of health insurance. CO-Ops represent an innovative, free enterprise solution to the health coverage crisis," Morrison said. (AP Photo/The Independent Record, Eliza Wiley)

Helena, Mont. -- Health care cooperatives being launched in eight states said Tuesday that they will be receiving a total of \$638 million in loans from the Obama administration under the federal health insurance law.

The government said the new nonprofit health insurers will be run by their customers and will be designed to offer coverage to individuals and small businesses. Supporters say the co-ops will keep pressure on private insurance firms for price and coverage.

Critics, led by Republicans opposed to the federal health insurance law, argue that taxpayers should not subsidize "government-approved" health insurance companies.

Starting in 2014, millions of people who are currently uninsured will buy coverage in new state markets under President **Obama's** health care reform law. Taxcredit subsidies will help customers with the cost of the insurance.

The co-ops will compete in these state-run insurance exchanges, although co-op backers said they do not yet know the cost of premiums when the program will be formally unveiled in late 2013. Initially, they expect to compete for a small share of the overall health insurance market.

The new federal awards were announced for co-ops serving Montana, Iowa, Nebraska, New Jersey, New Mexico, New York, Oregon and Wisconsin. "It will be consumergoverned and will be responsive to consumer needs," said **John Morrison**, who is helping set up the cooperative in Montana.

Money from the loans will be given to the co-ops over time as they meet benchmarks for setting up claims processes, provider relationships, disease management and other costcontrol efforts. Money from the loans will also be used to provide financial footing for the co-ops once they start fielding claims.

The federal government said it will be rolling out awards to co-ops in other states as more applications are processed.

Some individuals and small-business owners helping with the formation of the cooperatives hope the new operations will help reduce one of their most worrisome costs.

"Every year for the last four, five or six years, it seems like we have had to decrease benefits to our employees due to rising costs in the health care system," said **Tom Murphy**, who employs eight people at Door Systems of Montana.

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