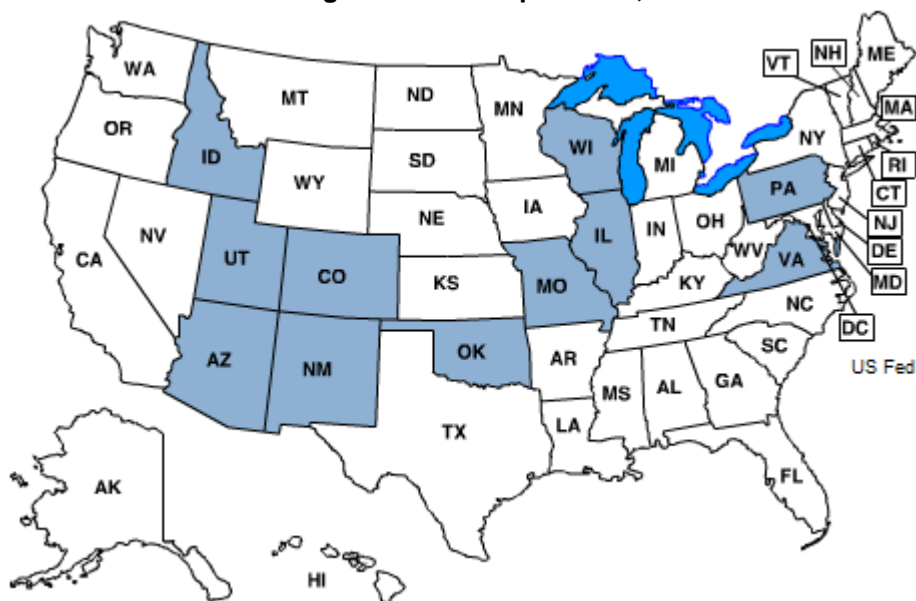


As of March 16, 2011, 49 states convened for legislative session with 14 bills in 11 states referring in some manner to a health cooperative, co-op or other related term, including health insurance cooperative or health care cooperative. The seven bills in six states provided below attempt to study or promote the creation of health co-ops in the state.

All 50 states convene for session in 2011 with Louisiana scheduled to begin April 25, and Virginia, Wyoming, Kentucky, Utah, and West Virginia the first to adjourn from regular session. Only New Jersey and Virginia carry over bills from 2010 to 2011. In an effort to implement provisions of the federal [Patient Protection and Affordable Care Act](#), states will consider a variety of measures concerning co-ops throughout the current legislative session; however, few will likely become enacted.

### States Considering Legislation Referring to Health Cooperatives, 2011



Source: American Academy of Family Physicians, 2011.

*This summary is only informational intended to provide background on the scope of projects currently before state legislatures. The reader should not consider this document to be comprehensive or to reflect AAFP policy.*

For bill text and status of all active state exchanges legislation, please visit the AAFP bill tracking webpage:  
<http://capitol.aafp.org/aafp/issues>

## States Considering Legislation to Study or Promote Health Cooperatives

[ARIZONA](#) – [COLORADO](#) – [ILLINOIS](#) – [MISSOURI](#) – [NEW MEXICO](#) – [VIRGINIA](#)

---

### ARIZONA

#### [2011 HB 2690](#) – Employers; Group Insurance Pooling

*Status:* Introduced in House – 2/9/10

- Allows two or more employers to enter into contracts or agreements in order to establish a health benefits plan or to pool retention of risks of loss for health claims.
  - Permits employers to establish a pool either
    - on a cooperative or contract; or
    - by the formation of a nonprofit corporation.
- 

### COLORADO

#### [2011 SB 168](#) – Colorado Health Care Cooperative

*Status:* Amended and passed Senate Business, Labor and Technology Committee – 2/28/2011

*Committee amendments* were technical in nature.

- Creates the Colorado Health Care Authority to design the Colorado Health Care Cooperative, the benefits administrator and payer for health care services to all Colorado residents.
  - Requires the Authority to recommend the health care cooperative design to the General Assembly, and if approved, the measure shall be referred to voters for approval.
  - Requires the Authority's Board of Directors to:
    - employ a primary consulting contractor to prepare the report to the General Assembly;
    - supervise the primary contractor and consultants in (1) designing methods for public comments and input from stakeholders, (2) developing and describing methods for quality improvement, increased accessibility and cost reduction, (3) projecting health care costs in the state with and without the cooperative, (4) developing a multi-year implementation plan describing full conversion to the desired ratio of independent payment and base payments, (5) projecting costs and savings for the implementation period and developing a strategy for managing costs, (6) projecting the impact of implementation on consumers, providers, employers, and economic growth, and (7) providing at least one draft report for public comment and stakeholder input before the report is finalized;
    - develop recommendations on creating: (1) payment and health care delivery systems capable of providing payments to health care providers, including independent providers on a fee-for-service basis, integrated health care delivery systems on an actuarially adjusted per member per month basis, and incentives to per member per month payments needed to address service shortages; (2) other reimbursement and payment systems; (3) methods for incorporating medical portions of state liability insurance into the system; (4) appropriate and cost-effective benefit design and eligibility requirements, standards, qualifications for health care providers, provider rates, and integrated health care delivery systems; (5) methods for promoting health maintenance and disease promotion; (6) an information technology plan; and (7) financing based on projected costs and possible federal waivers; and
    - design a benefits package based on Medicare benefits and, as savings accrue, improve or add benefits that include dental services, chiropractic services, vision care and correction, hearing services and hearing aids, and long-term care.
- 

### ILLINOIS

#### [2011 HB 3236](#) – Health Benefit Purchasing Coop

*Status:* Amended and passed House Insurance Committee – 3/15/2011

- Amends current state statutes (The Co-operative Act, [805 ILCS 310/22](#)).
- Requires companies seeking to organize as a health care cooperative to:
  - comply with all provisions applicable to domestic mutual insurance companies;

- demonstrate that it is a nonprofit corporation;
  - govern subject to the majority vote of all members;
  - limit activities to the individual and small group markets;
  - adhere to incorporate ethics and conflict of interest standards and the governance requirements set forth in section 1322 (c) (3) (C) of the federal *Patient Protection and Affordable Care Act*;
  - not be sponsored by a state or local government, any political subdivision thereof, or any instrumentality of such government or political subdivision;
  - use excess surplus to lower premiums, improve benefits, or for other programs intended to improve the quality of health care delivered to members;
  - prohibit representatives of a federal, state, or local government, or public instrumentality thereof from serving on the board of directors; and
  - submit an application to the Director of the Insurance Department to receive a certificate of authority.
- Defines the purpose of a health benefit purchasing cooperative as to provide health care benefits for individuals under a single group health care policy or plan through a contract between the cooperative and an insurer authorized to do health insurance business in the state.
  - Requires a health benefit purchasing cooperative to be designed to:
    - better inform members about health care trends and cost increases;
    - ensure all members receive benefits under the group health care policy or a negotiated plan;
    - pool the health insurance risk of all members; and
    - allow members to actively participate in health improvement decisions for their community.
  - Allows a health benefit cooperative to limit membership to self-employed individuals.
  - Requires contracts between health benefit purchasing cooperatives and insurers to be for 3-year terms.
- 

## MISSOURI

### **2011 HB 390 – Establishes the KidCare Co-op Program**

*Status: Introduced in House – 2/1/2011*

- Establishes the KidCare Co-op Program, within the Department of Social Services, as a public option nonprofit insurance cooperative to provide affordable health insurance coverage for all children up to 19 years of age who are residents of the state.
  - Determines that the KidCare Co-op Program:
    - has no income limits regarding eligibility for coverage;
    - may operate in conjunction with the state children’s health insurance program;
    - allows parents or guardians of children to purchase health insurance coverage for their children through the cooperative;
    - has a monthly premium of \$25 for each child; and
    - has a co-payment of \$15 for general office visits, \$35 for urgent care visits, and \$50 for emergency room visits.
  - Requires the department to establish by rule the criteria for health carriers and health benefit plans to participate in the health insurance cooperative.
- 

## NEW MEXICO

### **2011 HB 245 – Health Insurance Purchasing Cooperatives**

*Status: Passed House Judiciary Committee – 3/11/2011*

- Amends current state statutes ([59A-23-3](#)) to add policies issued by a cooperative to the definition of coverage provided under group health insurance.
- Allows an individual to form a cooperative to purchase employer health benefit plans organized as a nonprofit corporation.
- Permits two or more large or small employers or any combination of large and small employers with an aggregate of 50 or more full-time equivalent employees to purchase group health benefit plans.
- Prohibits a carrier from forming or being a member of a cooperative.
- Allows carriers to:

- associate with a sponsoring entity, such as a business association, chamber of commerce or other organization representing employers or serving an analogous function, to assist in forming a cooperative;
- elect not to participate in a cooperative;
- elect to participate in one or more cooperatives; and
- select in which cooperatives to participate.
- Requires a cooperative to:
  - arrange for group health benefit plan coverage for participating employer groups by contracting with carriers;
  - collect premiums to cover the cost of coverage and administrative expenses;
  - establish administrative and accounting procedures for the operation of the cooperative;
  - establish grievance procedures;
  - develop and implement a plan to maintain public awareness of the cooperative; and
  - register with the Insurance Division.
- Allows a cooperative to:
  - negotiate the premiums paid by members;
  - restrict membership to employers within a single industry grouping; and
  - make available to members more than one group health benefit plan, but each plan shall be made available to all employees covered by the cooperative.
- Determines that:
  - members of a cooperative shall be considered a single risk pool; and
  - cooperatives are not carriers or insurers and employees of a cooperative shall not be required to be licensed as an agent or broker.
- Prohibits a cooperative from self-insuring or self-funding any plan or portion of a plan.
- Directs the Insurance Superintendent to adopt rules to govern the registration of health insurance cooperatives.

### **2011 HB 89 – Private Health Insurance Purchasing Co-op Act**

*Status: Passed House Judiciary Committee – 3/11/2011*

- Allows an individual to form a cooperative to purchase employer health benefit plans, organized as a nonprofit corporation.
- Allows two or more small employers to form a cooperative to purchase health benefit plans.
- Allows two, or more large employers, or any combination of large and small employers, to purchase group health benefit plans.
- Requires cooperatives to:
  - file for a certificate of incorporation with the Insurance Superintendent;
  - arrange for small or large employer health benefit plan coverage by contracting with carriers;
  - collect premiums to cover the cost of coverage and administrative expenses;
  - establish administrative and accounting procedures for operating the cooperative;
  - establish grievance procedures; and
  - develop and implement a plan to maintain public awareness of the cooperative.
- Requires a cooperative's board of directors to annually file with the Superintendent a statement of all amounts collected and expenses incurred for each of the preceding three years.
- Prohibits a carrier from forming or being a member of a cooperative.
- Allows cooperatives to:
  - contract with agents to market coverage through the exchange;
  - contract with a carrier or third-party administrator to provide administrative services;
  - negotiate the premiums paid by members;
  - offer other ancillary products and services to members; and
  - offer more than one health benefit plan, but each plan offered shall be made available to all employees covered by the cooperative.
- Requires that an employer's participation in a cooperative be voluntary, but employers electing to participate must commit to purchasing coverage from the cooperative for two years.

- Directs the Insurance Superintendent to adopt rules to govern the registration of health insurance cooperatives.
  - Provides that a cooperative consisting only of small employers is not required to allow a small employer to join if:
    - the cooperative elected to restrict membership; and
    - after joining, the number of eligible employers exceeds 50.
  - Allows carriers to:
    - associate with a sponsoring entity, such as a business association, chamber of commerce or other organization representing employers or serving an analogous function, to assist in forming a cooperative;
    - elect not to participate in a cooperative;
    - elect to participate in one or more cooperatives; and
    - select in which cooperatives to participate.
  - Prohibits a cooperative from:
    - self-insuring or self-funding any plan or portion of a plan; and
    - limiting, restricting, or conditioning an employer or employee's membership or choice among plans based on risk characteristics of a group, any member of the group, or health status related factors.
  - Determines that cooperatives are not carriers or insurers and employees of a cooperative shall not be required to be licensed as an agent or broker.
- 

#### VIRGINIA

#### [2011 HJ 618](#) – Health Insurance; Small Business Acting Collectively to Obtain, Report

*Status:* **FAILED** to pass House Rules Committee – 2/8/2011

- Establishes a joint subcommittee to study whether state laws and regulations impede the ability of small businesses to act collectively in procuring health insurance.
- Requires the study to propose recommendations for legislation to eliminate any barriers created by state laws and regulations found to be so impeding small businesses.
- Requires the joint subcommittee to report findings and recommendations to the 2012 Session of the General Assembly.