

DARRELL E. ISSA, CALIFORNIA
CHAIRMAN

JOHN L. MICA, FLORIDA
MICHAEL R. TURNER, OHIO
JOHN J. DUNCAN, JR., TENNESSEE
PATRICK T. McHENRY, NORTH CAROLINA
JIM JORDAN, OHIO
JASON CHAFFETZ, UTAH
TIM WALBERG, MICHIGAN
JAMES LANKFORD, OKLAHOMA
JUSTIN AMASH, MICHIGAN
PAUL A. GOSAR, ARIZONA
PATRICK MEEHAN, PENNSYLVANIA
SCOTT DESJARLAIS, TENNESSEE
TREY GOWDY, SOUTH CAROLINA
BLAKE FARENTHOLD, TEXAS
DOC HASTINGS, WASHINGTON
CYNTHIA M. LUMMIS, WYOMING
ROB WOODALL, GEORGIA
THOMAS MASSIE, KENTUCKY
DOUG COLLINS, GEORGIA
MARK MEADOWS, NORTH CAROLINA
KERRY L. BENTIVOLIO, MICHIGAN
RON DESANTIS, FLORIDA

LAWRENCE J. BRADY
STAFF DIRECTOR

ONE HUNDRED THIRTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074

FACSIMILE (202) 225-3974

MINORITY (202) 225-5051

<http://oversight.house.gov>

March 25, 2013

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

CAROLYN B. MALONEY, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
STEPHEN F. LYNCH, MASSACHUSETTS
JIM COOPER, TENNESSEE
GERALD E. CONNOLLY, VIRGINIA
JACKIE SPEIER, CALIFORNIA
MATTHEW A. CARTWRIGHT, PENNSYLVANIA
MARK POCAN, WISCONSIN
L. TAMMY DUCKWORTH, ILLINOIS
DANNY K. DAVIS, ILLINOIS
PETER WELCH, VERMONT
TONY CARDENAS, CALIFORNIA
STEVEN A. HORSFORD, NEVADA
MICHELLE LUJAN GRISHAM, NEW MEXICO

Mr. David Lyons
Chief Executive Officer
CoOpportunity Health
400 E. Court Ave., Suite 108
Des Moines, IA 50309

Dear Mr. Lyons:

The Department of Health and Human Services has awarded nearly two billion taxpayer dollars to 24 nonprofit health insurers under the Consumer Operated and Oriented Plan (CO-OP) program.¹ CoOpportunity Health received approximately \$113 million of this total on February 21, 2012.² We are writing to respectfully request your assistance with the Committee's oversight of the CO-OP program.

According to the Obama Administration's own projections, taxpayers could lose over 40 percent of the amount of loans given out to CO-OP program recipients.³ Recent press reports also indicate a lack of transparency surrounding the CO-OP program.⁴ According to a recent *Washington Examiner* article, for instance, HHS officials "have not made public their criteria for evaluating loan applicants" and several CO-OPs who were denied loans are confounded as to why they did not receive funding.⁵ Based on findings from the Committee's inquiries into two recipient companies so far, we are also concerned because the process used to award CO-OP loans appears to be flawed.⁶

The high projected loss rate of the CO-OP program as well as the lack of transparency surrounding the awarding of these loans raises serious questions about the program. To assist the Committee in its oversight of the CO-OP program, we request that you provide the requested documents and information as soon as possible, but no later than 5:00 p.m. on April 8, 2013:

¹ Patient Protection and Affordable Care Act, PUB. LAW 111-148; HEALTH CARE AND EDUCATION RECONCILIATION ACT OF 2010, PUB. LAW 111-152 §1322; The CO-OP program to date has offered low-interest loans to 24 non-profits offering coverage in 24 states \$1,980,728,696; See Center for Medicare & Medicaid Services, *New Loan Program Helps Create Customer-Driven Non-Profit Health Insurers*, (Feb. 8, 2013).

² *Id.*

³ *Budget of the U.S. Government, Fiscal Year 2013, Federal Credit Supplemental*, Table 1.

⁴ Richard Pollock, "Obamacare co-ops being created behind closed doors," *Washington Examiner*, (Feb. 5, 2013).

⁵ *Id.*

⁶ See Letters from Reps. Darrell Issa & Trey Gowdy, H. Cmte. on Oversight & Gov't Reform, to Mr. Thomas Zumtobel, CEO, Hospitality Health; Ms. Sara Horowitz, Executive Director, Freelancers Union, (Oct. 2, 2012).

1. A copy of CoOpportunity Health's application for a CO-OP loan.
2. A copy of the 2010 and 2011 *Return of Organization Exempt from Income Tax Forms* (Form 990) for CoOpportunity Health and all of its sponsors⁷ and related entities.⁸
3. A list of all grants, contracts, and loans ever received from the federal government by CoOpportunity Health or any of its sponsors and related entities.
4. An itemized financial breakdown of how CoOpportunity Health has spent and plans to spend money received through the CO-OP program from February 21, 2012, to the present.
5. All documents and communications between or among any employees, agents, or contractors of CoOpportunity Health or any of its sponsors or affiliated entities and any employees, agents, or contractors of the Executive Office of the President, the Department of Health and Human Services, or any other federal agency or department referring or relating to CoOpportunity Health's CO-OP loan or loan application, between March 23, 2010, and the present.
6. All documents and communications between or among employees, agents, or contractors of CoOpportunity Health and employees, agents, or contractors of its sponsors or affiliated entities referring or relating to CoOpportunity Health's CO-OP loan or loan application, between March 23, 2010, and the present.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X. An attachment to this letter provides additional information about responding to the Committee's request.

When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

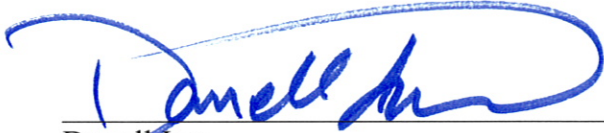
⁷ "Sponsor" means "an organization or individual that is involved in the development, creation or organization of the CO-OP or provides financial support to a CO-OP." See Patient Protection and Affordable Care Act; Establishment of Consumer Operated and Oriented Plan (CO-OP) Final Rule Fed. Reg. 77393 Vol. 76 No. 239, Dec. 13, 2011.

⁸ "Related entity" means "an organization that shares common ownership or control with a pre-existing issuer ... and satisfies at least one of the following conditions: (1) Retains responsibilities for the services to be provided by the issuer; (2) furnishes services to the issuer's enrollees under an oral or written agreement; or (3) performs some of the issuer's management functions under contract or delegation." *Id.*

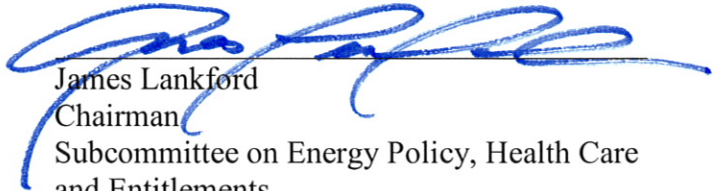
Mr. David Lyons
March 25, 2013
Page 3

If you have any questions about this request, please contact Katelyn Christ or David Brewer of the Committee Staff at 202-225-5074. Thank you for your attention to this matter.

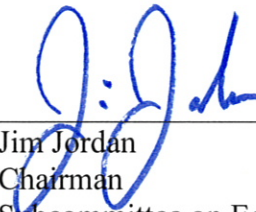
Sincerely,



Darrell Issa
Chairman
Committee on Oversight and Government
Reform



James Lankford
Chairman
Subcommittee on Energy Policy, Health Care
and Entitlements



Jim Jordan
Chairman
Subcommittee on Economic Growth, Job
Creation & Regulatory Affairs

Enclosure

cc: The Honorable Elijah Cummings, Ranking Minority Member

The Honorable Jackie Speier, Ranking Minority Member, Subcommittee on Energy Policy,
Health Care Policy and Entitlements

The Honorable Matt Cartwright, Ranking Minority Member, Subcommittee on Economic
Growth, Job Creation & Regulatory Affairs

Letters were sent to:

Mr. Terry Shilling
Chief Executive Officer
Louisiana Health Cooperative, Inc.
Metairie, Louisiana

Ms. Janie Miller
Chief Executive Officer
Kentucky Health Cooperative, Inc.
Louisville, Kentucky

Mr. Kenneth Lewis
Chief Executive Officer
Maine Community Health Options
Lewiston, ME

Mr. David Lyons
Chief Executive Officer
CoOpportunity Health
Des Moines, IA

Mr. Dan Yunker
Chief Executive Officer
Land of Lincoln Health, Inc.
Chicago, IL

Dr. Peter Beilenson
Chief Executive Officer
Evergreen Health Cooperative
Towson, MD

Mr. Jerry Dworak
Chief Executive Officer
Montana Health Cooperative
Helena, MT

Mr. Ken Lalime
Chief Executive Officer
HealthyCT
Wallingford, CT