

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

July 30, 2009

Mr. Paul Hazen
President & CEO
National Cooperative Business Association
1401 New York Avenue, N.W., Suite 1100
Washington, DC 20005

Dear Mr. Hazen,

It is my understanding that the National Cooperatives Business Association is the leading national membership association for cooperatives, including health-related cooperatives. I am writing to request detailed information about the history, reliability, and oversight of health-related cooperatives in order to more accurately inform the discussion about reforming our nation's health care system. We need an accurate understanding of how different models under consideration have actually worked for consumers.

One of the most important issues of the national health care reform debate is whether or not Americans should have the option to buy their health insurance from a publicly run organization. In other words, in addition to choosing among numerous health plans run by private insurers, should consumers also have the option of choosing an affordable, stable, and transparent public plan when they are deciding what is best for them and their families.

Some have suggested that, instead of creating a strong public plan option, Congress should adopt a cooperative approach to health insurance coverage. Like so many Americans, I have set about the task of learning more about cooperatives – with a specific focus on how such cooperatives might be relevant to the discussion on comprehensive health reform. I have been alarmed to learn that there is a dearth of reliable information available about health care cooperatives.

Given the National Cooperatives Business Association's leadership role in representing the cooperative form of business, I am hopeful that you will be able to provide detailed answers to the following questions:

1. What is the formal definition of a cooperative? In what sectors of the economy do cooperatives generally operate? Are cooperatives more successful as a model in certain sectors of the economy over others?
2. What is the history of health-related cooperatives in America? Is the mutual insurance model upon which consumer health care cooperatives are based still a widely-used model for health insurance today? Is this a model that has grown or decreased since health care cooperatives were first created?

3. What are the different types of health-related cooperatives in existence today? How many cooperatives are currently operational in the U.S. within each of these categories (please provide the names and geographic locations of each of these cooperatives)? Are consumer health care cooperatives currently available, or have they historically been available, in all areas of the country?
4. How many Americans are enrolled in consumer health care cooperatives?
5. How many health-related cooperatives (in all categories) have ceased to exist in the last thirty years? What are some common features of health-related cooperatives that have failed to succeed? When consumer health care cooperatives fail, what happens to the consumers who are enrolled in them?
6. Why have health-related cooperatives such as Group Health of Washington and HealthPartners of Minneapolis succeeded while other cooperatives, such as Group Health Association in Washington, D.C. and PacAdvantage of California failed?
7. What is the current state and/or federal regulatory structure for health-related cooperatives? Are there standard licensure requirements? Are there standard requirements for board structure and membership? What are the requirements for solvency?

I would greatly appreciate your responses to these questions no later than Wednesday, August 5, 2009. Should you or your staff have any further questions, please do not hesitate to be in touch with Ellen Doneski (202-224-0411) or Jocelyn Moore (202-224-6472) on my staff. I appreciate your prompt consideration of this request.

Sincerely,

A handwritten signature in blue ink, reading "John D. Raley, IV". The signature is fluid and cursive, with a prominent "J" and "R".