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## **MICHIGAN CO-OP AWARDED \$72 MILLION TO PROVIDE HEALTH INSURANCE OPTIONS IN 2014**

*New program offers affordable coverage for individuals, rural communities, small businesses*

LANSING – The Centers for Medicare and Medicaid Services (CMS) today announced its award of \$72 million in financing for the new Michigan Consumers Healthcare CO-OP (MCHCO), a member-governed nonprofit health insurance company that will help to control costs while providing accessible healthcare for all residents.

“We’ve been given the opportunity to be pioneers in a new business,” said Bruce Miller, president of the MCHCO Board. “It is an opportunity and an obligation we take very seriously. All of us who have worked to bring a Consumer Oriented and Operated Plan to Michigan will do our very best to make the insurance plan work to the benefit of Michigan residents.”

The goal of health insurance cooperatives such as MCHCO is to make sure consumers have affordable choices when Michigan residents start shopping for government-subsidized health insurance from state insurance exchanges that are set to begin operating in 2014.

The development of MCHCO is part of the federal Affordable Care Act (ACA), which creates a new type of nonprofit health insurer, called a Consumer Operated and Oriented Plan (CO-OP). CO-OPs have member-based boards and are meant to offer member-friendly, affordable health insurance options to individuals and small businesses. Using low-interest and no-interest loans from the U.S. Department of Health and Human Services (HHS), the plan is to ensure that every state will have at least one healthcare CO-OP chartered specifically to make sure insurance is affordable for everyone:

- CO-OPs will be open to all comers, including independent workers typically shut out of the traditional healthcare market.
- Americans making less than 400 percent of the Federal Poverty Level (FPL) will be eligible to receive financial support from the government to pay for their CO-OP health plan.
- The CO-OP will enter the market and compete with private insurers and offer insurance through a state-level marketplace called the Exchange. The state Exchange will be designed to make it easier for consumers to shop for and understand insurance plans.

By Jan. 1, 2014, Michigan residents will have the opportunity to buy health insurance coverage as individuals or families from the Michigan Consumer Healthcare CO-OP. The MCHCO will

differ from other insurance companies because it will be governed by its members – the individuals and businesses that purchase the coverage.

“MCHCO will level the playing field for individuals and groups that are often not well served in the current health insurance market,” said Miller, who currently serves as executive director of the nonprofit Northern Health Plan and TENCON Health Plan, which provide basic medically necessary services at little or no cost to more than 10,000 low-income residents in 18 Michigan counties who have no other access to healthcare coverage.

MCHCO was organized by a coalition of 15 Michigan nonprofit corporations that are known as County Health Plans (CHPs). CHPs currently operate in 74 of Michigan’s 83 counties and provide noninsurance coverage to 150,000 Michigan residents. MCHCO hopes to use the existing delivery system to develop a statewide network including the nine counties that are not currently served by a CHP.

The insurance offered by MCHCO will be targeted to people with incomes between about 139 percent and 250 percent of the Federal Poverty Level (roughly \$26,000 to \$40,000 annual household income depending on family size) – but anyone can buy insurance from MCHCO.

Based on actuarial analysis of the market, MCHCO projects an initial enrollment of about 37,000 members.

“The Consumer Oriented and Operated Plan will use any profits to increase benefits and reduce the price of insurance,” Miller said.

The \$72 million CMS loan will be used to develop the subscriber-run plan and support the plan’s reserve requirements. “The entire loan amount must be repaid to the federal government no later than 2033,” Miller said. “Our plan is to repay the loan sooner.”

MCHCO is preparing to apply for a health insurance license from the Michigan Office of Financial and Insurance Regulation (OFIR) in order to begin enrolling customers in October 2013 for insurance scheduled to take effect Jan. 1, 2014.

To date, 11 other organizations have received loans through the CO-OP program. Those organizations are in Iowa, Montana, Nebraska, Nevada, New Jersey, New Mexico, Oregon (two), New York, South Carolina and Wisconsin.

*For more information about the Michigan Consumers Healthcare CO-OP, visit [www.mchco.org](http://www.mchco.org).*

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