• The Affordable Care Act provides for creation of new health cooperatives stimulated by the CO-OP loan program. The Act (section 1322) provides that health cooperatives, known as “Consumer Operated and Oriented Plans” (“CO-OP”), may be formed as nonprofit organizations, and transform to be organizations that are governed by and operated on behalf of its members.

• Many of these new issuers of health plan coverages (22 of them) came online with the open enrollment on October 1, 2013. Kentucky Health Cooperative, Inc. (KYHC) was one of these.
• CO-OPs were to be the alternative to the “Public Option” and were designed to reach sufficient size as to achieve economies of scale, to lower PMPM administrative costs and to achieve stronger negotiating positions.
• The CO-OP provision of the ACA was modeled after long-time, successful member-governed, non-profit health plans, Group Health Cooperative of Washington State and Health Partners of Minnesota and Wisconsin. These predecessor plans had proven track records on quality of care, consumer satisfaction and efficiency of operations. The cooperative healthcare system began in the 1930s, and continues today meeting the needs of hundreds of thousands of consumer members.
KYHC:
• Sponsored by a coalition of providers, business leaders and community leaders
• Improving health outcomes by providing member-focused, accessible, cost-effective and quality-focused health care
• Individuals and small employer groups

Sponsors:
• Recognized health care needs of many communities
• Spurred by the availability of CO-OP loan funding opportunities
• General consensus that change is needed coupled with a desire to make a difference in our communities

KYHC:
• Began offering products in the individual and small group markets October 1, 2013, on and off the Kentucky Health Benefit Exchange

Education and outreach:
• Key responsibilities of the CO-OPs help the uninsured navigate the Exchanges and the ACA
Kentucky Health Cooperative, Inc. (KYHC):

• Received loan funding June 2012 from U.S. Department of Health and Human Services (HHS)

• Developed and implemented operational components to operate a competitive health plan in Kentucky

• KYHC regulated by state insurance regulators

• CO-OPs are also overseen by HHS to assure development stays on track with funding and milestone deliverables
Start-up Development:

• Conducted market research to determine customer base, complete product development, benefit design and pricing strategies

Market Research Revealed:

• Kentuckians want access to health care when they need it

• Strong provider network

• Clinical quality of providers in the health care delivery system

• Affordability
CO-OPs must:

• Operate with a strong consumer focus and use any profits to lower premiums, improve benefits, or improve the quality of health care to plan members

• Be non-profit, member governed

• Are subject to state regulation

• Have membership comprised of “substantially all” individual and small group
CO-OPs:

• Plan to be “different” than other insurers in the marketplace, with “different” varying from CO-OP to CO-OP

• Consumer-focused, transparent and accountable to our health plan members

• Engage and empower our members to improve their health through integrated care management programs and other market-specific strategies
Kentucky Health Cooperative (KYHC):

• Headquarters in Louisville, Kentucky
• Participating as a Qualified Health Plan in the Kentucky Health Benefit Exchange
• Received NCQA accreditation
• Licensed as an HMO in Kentucky
• Offering a portfolio of “metal” level plans
• Fully operational and enrolling thousands of Kentuckians
• KYHC is well capitalized and poised to improve competition in many markets across the Commonwealth of Kentucky
Challenges to CO-OP Program:

- No or very little marketing funds
- State and federal oversight (sometimes conflicting or not aligned due to no one’s fault)
- Competition from organizations with stronger brand awareness, deeper pockets, and existing dominant market positions
- Why do we do it?
Kentucky Uninsured Population:

• Kentucky has high incidence of citizens with chronic conditions, i.e., cardiovascular disease, cancer, high rates of smoking, obesity.

• Kentucky is the only southern state to operate its own Health Benefit Exchange and to opt for coverage of the Medicaid expansion population.

• Generally, it is recognized that we have a large population of uninsured/underinsured (14-15%), and generally have high incidence of chronic illness, poor health status and medically underserved communities. These contribute to high health care costs, large numbers of those without access to health care, and a general belief that new solutions are needed to address the problem.
Strong working relationship with the State Exchange:

• State Exchange used iterative companion guide allowed issuers input into Exchange development process

• Issuers had input through numerous Exchange public committee process (Behavioral Health, Dental/Vision, Education/Outreach, Navigator/Agent, Qualified Health Plans, and Small Employer Health Options Program)

• An Issuer/IT Forum provided face-to-face meetings with Exchange technical staff and one-on-one testing sessions

• Partnership process was key component to successful Exchange rollout
Other Factors:

• Partnerships with navigators, in person assistors, CACs and other ACA organizations involved in educating and enrolling individuals into health coverage

• Strategic decision to keep our focus on low administrative and operational costs to keep our pricing competitive and to operate efficiently

• Partner with providers to build utilization and care management programs to keep per unit costs low
Other Factors (cont.):

• Strategic development of the formation Boards and Board leadership as we move to an elected operational Board

• Strategies includes identifying organizational owners of these areas:
  - Quality consumer experience
  - Connect consumers with cost effective services
  - Membership education and outreach
In Closing:

- Market Experience
  - Consumers have responded to choice:
  - Nonprofit organization that will be member-governed has resonated with consumers
  - Provider network is broad
  - Monthly premium rates are competitive
  - KYHC has been selected by a number of individuals/families and small businesses across the Commonwealth

- Kentucky has been recognized in local and national press as having a successful Exchange rollout – an important factor in the success of KYHC
• Enrollment continues and has six (6) weeks or so to go - Open enrollment ends March 31, 2014
• Open enrollment has gone relatively well
• Recently, KYHC has been approved by CMS (one of only three (3) expansion CO-OPs) to expand operations to West Virginia for this fall’s open enrollment

Questions??
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