

FRENCH HILL  
2ND DISTRICT, ARKANSAS

COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON CAPITAL MARKETS AND  
GOVERNMENT SPONSORED ENTERPRISES  
SUBCOMMITTEE ON OVERSIGHT AND  
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Congress of the United States  
House of Representatives  
Washington, DC 20515

January 14, 2016

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Mr. Andrew Slavitt  
Acting Administrator  
Centers for Medicare and Medicaid  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Acting Administrator Slavitt:

I write today to inform you of my recent Golden Fleece Award to the Centers for Medicare and Medicaid Services (CMS) for wasting \$1.23 billion on Obamacare's failing Consumer Operated and Oriented Plans (CO-OPs). In an age of tight fiscal challenges, this loss of \$1.23 billion and hundreds of thousands of health care plans is inexcusable.

CMS has awarded over \$2.4 billion in federal loans to twenty-three CO-OPs. A recent report has revealed that of these CO-OPs, twelve have collapsed—eight in the last three months alone. Over 500,000 Americans have lost health care coverage as a direct result of these failures and may face higher costs for “affordable” health care in a plan they may not have otherwise chosen. This grievous misuse of taxpayer dollars comes from the more than \$1 billion in federal loans awarded to these failed CO-OPs, and CMS continued investing in CO-OPs even when their financial distress was apparent. Due to inequality in premium revenue and medical expenses, much of this money has been lost. Once again, our country's taxpayers suffer from the President's ill-conceived and failed health care law.

The variety of factors, including artificially low premiums stemming from a lack of insurance experience and understanding of premium data, leading to the collapse of this idealistic “public option” experiment must still be addressed to secure the stability of the existing CO-OPs. It is my understanding that CMS still has not released a plan to ensure the continuation of service for the remaining eleven CO-OPs, nor has it issued plans to recover any of the funds from the failed plans.

While Congress still must work to enact necessary reforms to ensure the further protection and proper utilization of federal tax dollars, CMS must be accountable for implementing common-sense policies to address critical priorities at the agency. I am committed to eradicating this type of inefficient and ineffective policy and regulation by our federal agencies, and today's Golden Fleece highlights the current waste of federal dollars at the expense of hardworking taxpayers and needs of our families.

I urge you to implement changes in the governance of these programs and provide my office with an update on any progress you make throughout the rest of this Congress to accomplish this goal. I thank you for your consideration and look forward to working with you to address this important issue.

Sincerely,

French Hill  
Member of Congress