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**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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December 10, 2015

Mr. James J. Donelon  
Commissioner of Insurance  
State of Louisiana  
P.O. Box 94214  
Baton Rouge, LA 70804

Dear Mr. Donelon:

Thank you for appearing before the Subcommittee on Oversight and Investigations on Thursday, November 5, 2015, to testify at the hearing entitled "Examining the Costly Failures of Obamacare's CO-OP Insurance Loans."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Thursday, December 24, 2015. Your responses should be mailed to Dylan Vorbach, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515 and e-mailed in Word format to [Dylan.Vorbach@mail.house.gov](mailto:Dylan.Vorbach@mail.house.gov).

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Tim Murphy  
Chairman  
Subcommittee on Oversight and Investigations

cc: The Honorable Diana DeGette, Ranking Member, Subcommittee on Oversight and Investigations

Attachment

Attachment - Additional Questions for the Record

**The Honorable Tim Murphy**

1. Mr. Donelon, you were instrumental in regulating the CO-OPs so that premium prices were appropriate and consumers were protected.
  - a. What problems did your state's CO-OP encounter that led to its closure?
  - b. Does your state's CO-OP have enough money to support consumers and pay its claims through the end of the year?
  - c. If no, then how will claims be paid?
  - d. What was the CO-OP's projected enrollment? Did they reach it?
  
2. CMS converted solvency loans to start-up loans in seven CO-OPs, so the loans would artificially appear more financially secure.
  - a. Did CMS approach you about converting solvency loans as start-up loans so the CO-OP would appear to have more capital on the books?
  - b. If yes, do you believe it makes sense to convert the loans? Why?
  - c. What problem would converting the loans solve?
  
3. CMS has created "enhanced oversight plans" as a measure to evaluate troubled CO-OPs.
  - a. Did CMS place your CO-OP under an enhanced oversight plan?
  - b. If yes, explain what the "oversight plan" entailed.
  
4. Mr. Donelon has said that over \$9 million in solvency loans has been reserved to pay outstanding claims to providers that served customers in the CO-OPs. CMS required the CO-OP to change leadership before authorizing the spending of the \$9.25 million.
  - a. Did the Louisiana CO-OP receive its federal loans in one lump sum or were they allotted in increments?
  - b. Did CMS have a say in how each increment was spent?
  - c. Did CMS reserve federal funds to be spent only on claims to providers?
  - d. How much money? What were the conditions?
  
5. In your testimony, you write that the Louisiana CO-OP made decisions that could hurt consumers.
  - a. Is it true that the Louisiana CO-OP missed the 90 day notice requirement, and gave its enrollees only a week to pick a new health insurance plan?
  - b. Can you explain how that hurts consumers?
  - c. Is that an example of poor leadership within the CO-OP?
  - d. The Louisiana Health CO-OP is not backed by a guaranty fund, so if the CO-OP cannot pay its claims, enrollees and mostly providers will be stuck with unpaid bills. How will this affect consumers and providers? Who is to blame – the CO-OP or CMS?