STATE OF NEBRASKA

DEPARTMENT OF INSURANCE
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N E W S R E L E A S E

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CoOportunity Health Policyholders Encouraged to Act Quickly

The Nebraska Department of Insurance encourages CoOportunity Health policyholders who have not yet replaced their health insurance coverage to act immediately in securing new coverage. February 15, 2015 is the last day for open enrollment and, as such, time is of the essence. Enrolling into a new plan may be inconvenient and, in some cases, a financial burden because some policyholders may have already had medical bills applied to their annual deductible. However, there are compelling reasons to act before the end of the February 15 open enrollment end date.

CoOportunity will be liquidated on February 28, 2015. Liquidation is essentially bankruptcy for an insurance company. A strong possibility exists that individual policies may be cancelled 180 days after liquidation and group policies will be cancelled within 30 to 45 days after liquidation.

The special enrollment period lasts for 60 days after the liquidation order is signed by the court in Iowa. At the end of that special enrollment period, the options for the purchase of individual health insurance may be limited. It is questionable if any plans will be available at all because an insurer is not required to sell a policy to an individual outside of an open or special enrollment period. Individuals who do not have health insurance coverage may be subject to tax penalties as determined by the Internal Revenue Service.

Individuals who receive an advance premium tax credit (APTC) and/or cost sharing reductions (CSR) from the federal government will lose that benefit effective on the date

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that liquidation takes place. A policyholder who has paid $50 per month after APTC may be required to pay the true cost of that insurance policy, which may run into the hundreds of dollars per month depending upon the policy and its price. Additionally, individuals who currently qualify for CSR, which can significantly lower deductibles and copayments, will lose that benefit. This could mean that an individual who was receiving a CSR for the co-pay for prescription medication will no longer receive that discount. These two benefits will be discontinued because after the order of liquidation goes into effect, CoOportunity Health plans will no longer be considered as Qualifying Health Plans under the Affordable Care Act.

Once a health plan goes into liquidation, its policyholders are protected by the Nebraska Life and Health Insurance Guaranty Association, however a $500,000 cap exists for each individual under the policy. While this sounds like a lot of money, one serious illness, one accident or one prolonged hospital stay could easily cost $500,000. For any amount over $500,000, policyholders and their assets may become liable to the medical providers who provided care. This could lead to significant amounts of medical debt.

The liquidator will do all that is possible to protect the interests of policyholders, however, it is unclear at this time what level of policyholder service may be available and remaining to assist policyholders.

"Individuals and businesses should move quickly to get new coverage since there are so many consequences for not doing so," said Bruce Ramge, Director of the Nebraska Department of Insurance. "While I sympathize with those who have made contributions to their deductible, I encourage them to talk to a licensed insurance agent immediately." Policyholders who are in the special enrollment period and miss the February 15th deadline should call 1-800-318-2596 if they have an individual plan. If they have a small business plan through the SHOP exchange, call 1-800-706-7893.

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