

## H.R. 954, CO-OP Consumer Protection Act

### FLOOR SITUATION

On Tuesday, September 27, 2016, the House will begin consideration [of H.R. 954](#), the CO-OP Consumer Protection Act, under a [closed rule](#). H.R. 954 was introduced on February 12, 2015, by Rep. Adrian Smith (R-NE) and referred to the Committee on Ways and Means, which ordered the bill reported, as amended, by voice vote on September 8, 2016.

### SUMMARY

H.R. 954 temporarily exempts individuals, whose coverage under a plan offered by a qualified nonprofit health insurance issuer receiving funds through the Consumer Operated and Oriented Plan program was terminated or otherwise discontinued from the Patient Protection and Affordable Care Act's individual mandate.

### BACKGROUND

Section 1332 of the ACA created the CO-OP program. The individual mandate was added to Section 5000(A) of the Internal Revenue Code (IRC) by Section 1501 of the ACA. According to the statute, beginning in 2014, all "applicable individuals" must have a "minimum essential coverage" for themselves and their dependents or pay a tax penalty. The law currently provides for several exemptions from the individual mandate, including for "hardship," as determined by the Secretary of Health and Human Services (Section 5000A(e)(5) of the IRC) and short coverage gaps (Section 5000A(e)(4) of the IRC).<sup>1</sup>

According to the Committee, the CO-OP program was created in an attempt to artificially create competition in the health care market. In January 2015, 23 CO-OPs covered enrollees in 25 states. To date, most of these have failed and the Administration is attempting to prop up the six COOPs that

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<sup>1</sup> See [House Report 114-784](#) at 2.

remain. The Committee believes that relief from the individual mandate is necessary for those Americans who tried to comply with the law.<sup>2</sup>

According to the bill sponsor, “Many Americans were forced to purchase insurance through the co-ops after losing their original plans due to Obamacare’s implementation, only to lose their insurance again due to co-op failures. These consumers have two options: quickly find other coverage and start over on their deductibles, or go without insurance and face a possible Obamacare tax penalty.”<sup>3</sup>

### **COST**

The Congressional Budget Office (CBO) [estimates](#) that enacting H.R. 954 would reduce revenues by \$4 million over the 2016-2026 period.

### **STAFF CONTACT**

For questions or further information please contact [Jake Vreeburg](#) with the House Republican Policy Committee by email or at 5-0190.

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<sup>2</sup> Id. at 3.rep adr

<sup>3</sup> See Rep. Smith’s [Press Release](#), September 9, 2016