

enrolling individuals, Marketplaces also determine eligibility for advance payment of the premium tax credits and cost sharing reductions, or Medicaid and CHIP in some states; ensure health plans meet certain standards; operate a hotline and website to provide consumer assistance; and assist individuals in locating and obtaining affordable health coverage.

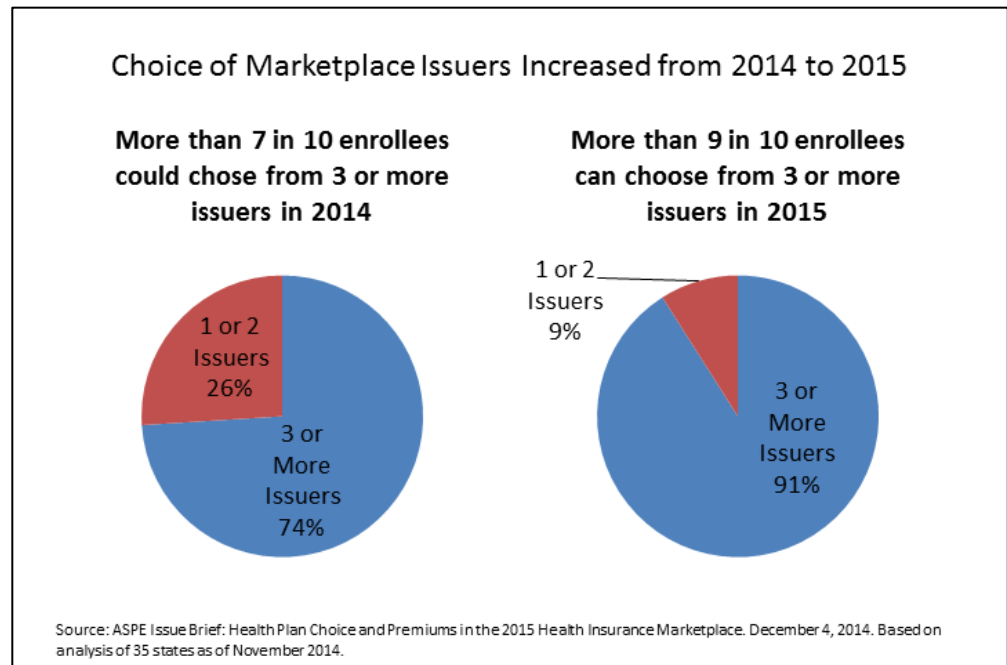
Marketplace Establishment Grants: The Affordable Care Act provides grant funding to enable states to plan for and establish Marketplaces. The final round of grants was awarded to states in December 2014. Overall, 37 states and the District of Columbia have received over \$5.5 billion in grants to establish and build Marketplaces since 2011. States may use Establishment grants to fund their start-up costs, whether for State-based or State Partnership Marketplace functions, or to support the Federally-facilitated Marketplaces, but ongoing operations are self-funded through user fees or other funding.

Basic Health Program: The Affordable Care Act included a state option to provide affordable health benefits coverage to low-income residents otherwise eligible for reduced-cost coverage through the Marketplaces. Minnesota is the first state to establish a Basic Health Program with coverage beginning January 1, 2015.

Consumer Operated and Oriented Plans (CO-OPs): The CO-OP loan program fosters the creation of new, private, qualified nonprofit, member-governed health insurance issuers to offer qualified health plans in the individual and small group markets in the states in which the issuers are licensed. The Affordable Care Act required that any profits a CO-OP makes must be used to lower premiums, improve benefits, or improve the quality of health care delivered to plan members. CO-OPs will contribute to the success of the Marketplaces by offering more choices to consumers and increasing competition in state insurance markets.

Currently, 23 CO-OP loan recipients are licensed and have enrolled members in 25 states, which CMS anticipates will increase to 26 states in 2016. CO-OPs offer coverage both inside and outside of the new Marketplaces. CMS has approved four CO-OP loan recipients to expand operations into additional states. Loan awards as of December 31, 2014 total \$2.5 billion. Of the total loans awards, \$1.09 billion is from the direct appropriation loan subsidy and the remaining \$1.4 billion is from Treasury borrowing. For 2015, many CO-OPs are offering the lowest-cost silver plans in several states. The Affordable Care Act appropriated \$6 billion for the program. In FY 2011, Congress rescinded \$2.2 billion; in FY 2012 Congress rescinded an additional \$400 million; and the American Taxpayer Relief Act rescinded \$2.3 billion, leaving \$253 million in a contingency fund for oversight and assistance to existing loan entities.

Each of the CO-OP awardees underwent a thorough application review loan negotiation process. Loans were made only to CO-OPs that demonstrated sustainability, viability, and the ability to fully repay



their loans. CMS closely monitors CO-OPs to ensure they are meeting program goals and will be able to repay loans.

Improving Benefits

Private Insurance Market Reforms: Many important Affordable Care Act protections took effect on January 1, 2014. For example, non-grandfathered health plans in the individual and small group markets now have to