

Review shows feds misstated Arizona insurance co-op results

August 21 2015, by Bob Christie

A federal government analysis that said Arizona's health insurance co-op had gotten just a fraction of its projected enrollment last year missed thousands of signups and incorrectly showed the state nonprofit set up under the Affordable Care Act signed up only 4 percent of the people it expected in 2014.

The [report](#) by the [inspector general](#) for the U.S. Health and Human Services Department looked at co-ops operating in 23 states in 2014 and found Arizona's was among the worst-performing.

However, a review by The Associated Press showed the inspector general missed one of two annual reports filed by Meritus, Arizona's co-op.

The co-op filed separate reports for its PPO and HMO plans with regulators that were collected by the National Association of Insurance Commissioners.

The actual results for Arizona's nonprofit [insurance](#) company amounted to 15 percent of its 2014 target. Meritus says that figure has since soared and exceeds projections.

Adding the second report also more than doubled the losses reported by the co-op.

Mary Kahn, a spokeswoman for the inspector general, said the HMO

report was unavailable on the database it accessed and would not change the agency's conclusions or its recommendation.

Kahn also noted that the Centers for Medicaid and Medicare services did not point out any discrepancies in its review of the audit before it was released.

The AP search for annual reports on the insurance association's subscription-only public site pulled up both reports with ease.

The federal analysis issued last month said Arizona's co-op had insured only 869 people by the end of 2014, its first year of operation. That number, however, was just for its PPO plan known as Meritus Mutual Health Partners.

The company's HMO, Meritus Health Partners, signed up an additional 2,662 people, according to filings with regulators.

The federal audit showed Meritus lost \$7.2 million last year. But its two units actually lost a combined \$16.6 million, according to the reports reviewed by the AP.

Co-ops were set up as part of a compromise in the Affordable Care Act to compete with for-profit insurance companies.

Overall, the inspector general said 13 of the 23 co-ops it reviewed had lower than projected signups and 21 had net losses.

Enrollment in Meritus plans has surged this year as a result better marketing and improved operation of the government's insurance marketplace website, vice president Veronica Piotrowski said when the report was released. The company also lowered its premiums.

Piotrowski said Thursday that the nonprofit also believes the federal analysis missed the second filing, but the company hasn't asked for it to be changed.

"Frankly we're at this juncture not interested in having a debate with that agency," she said.

She said the insurer now covers nearly 56,000 Arizonans and most of them bought their policies on the federal health insurance marketplace, boosting Meritus' marketplace share from less than 2 percent last year to 28 percent now, according to AP estimates.

The AP began reviewing the discrepancies in the inspector general's report after Piotrowski's statements about her firm's enrollments didn't square with the federal report.

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