



September 27, 2016

The Honorable Adrian Smith  
United States House of Representatives  
2241 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Smith:

**I write in support of H.R. 954, the Co-Op Consumer Protection Act of 2016.** This important legislation protects individuals who enrolled on a failed Obamacare co-op from the individual mandate tax. Members of Congress should support and co-sponsor this important legislation.

Failed Obamacare co-ops have displaced hundreds of thousands of individuals who have found themselves without insurance through no fault of their own. These individuals have also been hit with the Obamacare individual mandate tax penalty for not having insurance, despite doing nothing wrong.

The Co-Op Consumer Protection Act address this problem by exempting any individual from the individual mandate tax penalty if they lost their coverage because of a failed co-op. This will result in significant tax relief – for a family of four the tax penalty exceeds \$2000 or 2.5 percent of income.

Co-ops were created under Obamacare as not-for-profit alternatives to traditional insurance companies. The Centers for Medicare and Medicaid Services (CMS) financed co-ops with startup and solvency loans, totaling more than \$2.4 billion in taxpayer dollars. They have failed to become sustainable with many collapsing amid the failure of Obamacare exchanges.

**Seventeen Obamacare co-ops have now failed, losing millions despite receiving enormous government subsidies.** Since September last year, 14 Obamacare co-ops have collapsed, with only six of the original 23 co-ops remaining. In July, co-ops in Oregon and Illinois collapsed leaving close to 100,000 without insurance.

**In all, failed co-ops have cost taxpayers more than \$1.8 billion in funds that may never be recovered.** The Health Republic insurance of New Jersey announced it would close earlier this month, leaving 35,000 members without coverage next year. The New Jersey co-op, which received almost \$110 million in taxpayer loans now joins a list of 16 other Obamacare co-ops that have collapsed since Obamacare has been implemented.

**The failure of Obamacare co-ops is just one of the many broken promises coming from the healthcare law.** While lawmakers should work to replace Obamacare with patient centered, free market healthcare, they should also work to protect Americans from the failure of the President's healthcare bill. The Co-Op Consumer Protection Act is a key way to do the latter. As such, all Members of Congress should support this important legislation.

Onward,

Grover Norquist  
President, Americans for Tax Reform

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