An excerpt from:
Better Health & Social Care: How are Co-ops & Mutuals Boosting Innovation & Access Worldwide?
An International survey of co-ops and mutuals at work in the health and social care sector (CMHSC14)
Volume 2: National Cases

For the research framework, the analysis of the national cases, and other research components, including a description of the research team members, refer to Volume 1: Report.

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HEALTH SYSTEM

The United States' health system is a cluster of health systems of diverse complexity. Federal, state, and local governments have their defined roles. Responsibility for individual health care issues is decentralized. As a rule, direct health care services including primary, secondary, and tertiary care are primarily provided by thousands of private sector agencies (for-profit or not-for-profit).

Most persons acquire private health insurance coverage through their employers or on their own. There are two major federally-funded health insurance programs: Medicare is health insurance coverage for people 65 and older, or for people under 65 with disabilities; whereas Medicaid is health insurance coverage for low-income people.

According to 2012 data, 15.7% of Americans were covered by Medicare and 16.4% by Medicaid. Close to 30% of African and Hispanic Americans use Medicaid.[2]

Finally, there is a dedicated plan, TRICARE. It is the health care programme for more than 9.6 million active duty service members, National Guard and Reserve members, retirees, their families, survivors, certain former spouses, and others worldwide.[3]

Data from 2012 show that 15% of the population were uninsured, which means up to 45 million persons. There is important variation from state to state: at the bottom there is Massachusetts with 4% of the population uninsured and at the top, Texas with 24%.

There is a growth trend in health care expenses in the USA, the total health expenditure in 2012 being 17.9% of GDP, up from 15.2% in 2004. Public health spending was 46.4% in 2012 and private was 53.6%.

Population (in thousands): 318,000

Population median age (years): 37.3

Population under 15 (%): 19.63

Population over 60 (%): 19.31

Total expenditure on health as a % of Gross Domestic Product: 17.9

General government expenditure on health as a % of total government expenditure: 19.9

Private expenditure on health as a % of total expenditure: 53.6

Cooperatives do not have a uniform status across the United States. The legislation to incorporate cooperatives depends on each state's legislation. Some allow cooperatives to incorporate as cooperatives whereas others require cooperatives to register as nonprofit corporations. Some cooperatives are also "incorporated under other statutes not specific to cooperatives."[4] Throughout the USA, cooperatives are thus registered under a diverse number of legal statutes. In some states, they are also allowed to perform a specific function, such as "purchasing health care for small employers or controlling access to medical marijuana."[5]

Second-level cooperatives, such as purchasing cooperatives (hospitals, independent pharmacies, or business owners), are also a widespread organizational model. They allow their members to "lower costs, improve competitiveness and increase their ability to provide quality services."[6] Again, their legal status depends on each state's legislation.

Interest for cooperatives arose during the recent debate over the Affordable Care Act, also known as "ObamaCare," a project launched by President Obama to insure a greater number of American citizens. As part of the reform and as an alternative to a federal public option, the Affordable Care Act provides for the creation of non-profit, consumer-driven health insurance organizations, called Consumer Operated and Oriented Plans (CO-OPs). The idea behind the creation of CO-OPs was to offer more choice and provide low-cost options to customers, as well as to tackle the lack of competition between health insurance providers in most states.[7]

In 2013, 23 CO-OPs were operating in 23 states and benefiting from federal funding. A $6 billion USD federal fund was set up to support the creation of CO-OPs, but was reduced by law in 2011 to $3.4 billion USD, and in 2013 to $2 billion USD after debates in Congress.[8] Start-up, low-interest loans and grants are available to CO-OPs as funding options. Although CO-OPs must be registered as non-profit corporations, they must be governed by their members, reinvest their surplus revenue in the organization, and have a strong consumer focus. They offer their services through state exchange marketplaces. In an attempt to reach more clients, some of them also sell insurance outside the exchange marketplace.[9] CO-OPs are subject to the same laws and regulations that apply to issuers and must be

licensed as such in the state where they operate. In May 2014, the National Alliance of State Health CO-OPs announced that 400,000 people had enrolled in CO-OPs health plans.[10] However, membership to CO-OPs differs widely from state to state.[11]

CO-OPs represent an innovation in the USA's health care landscape and an attempt to provide coverage to a larger portion of the population. However, they face major challenges: the enrollment rate in some states has not reached the expected level; securing funds is still a challenge for some CO-OPs; the competition with established private insurers could threatened their viability; and, finally, the need to build and retain competent staff who can provide a range of quality services, as well as provide appropriate care, such as preventive services.[12]

HEALTH CARE COOPERATIVES

Health care cooperatives have a long history in the United States: "from the late 19th century to the beginning of the New Deal, various mutual-aid societies were formed to provide medical care."[13] In the early 1930s, as part of the New Deal, health cooperatives were promoted to help families support health costs in rural areas. Cooperatives provided an efficient solution to bring "quality health care with a limited role of the government"[14] to those areas which had limited access to health care. Their numbers mushroomed. The highest numbers were recorded in 1942 with "1,200 cooperatives in 41 states that served more than 650,000 members."[15] Although they were successful in a number of states, health cooperatives were opposed by the American Medical Association which succeeded in forbidding consumer-controlled health plans in 26 states.[16] Most of those cooperatives no longer exist, although some have prospered. Group Health (founded in 1947) and HealthPartners (1957) are today the largest consumer-governed health organizations in the United States. They are recognized as "centers of innovative and high quality health care, with a strong preventive emphasis."[17]

In the 1970s and 1980s, health cooperatives and member-owned non-profits emerged in rural areas and formed health networks. Those organizations provided medical and non-medical services (e.g., human resource-related services) as the numbers of doctors and hospitals dwindled in rural areas.[18] In 1990, out of 30 networks of health care providers (mostly rural hospitals), six were organized as cooperatives.[19] Health care centres can also be found in inner-city neighbourhoods.[20]

Some cooperatives that provide health care are health maintenance organizations (HMOs). HMOs appeared in the 1950s when employers were obliged to finance their workers' health plans.[21] HMOs are owned by users and provide both health insurance and primary and preventive care. HMOs cannot incorporate as cooperatives in many states and have to register under non-profit or mutual insurance law. As a consequence, few HMOs are genuine cooperatives.[22]

In the United States, health care cooperatives include both cooperatives which operate clinics and cooperatives which provide insurance at lower costs. (The latter are identified as "health mutual organizations" in this survey.)

Three health care cooperatives were identified. All are user-based. They operate in both rural and urban areas. Group Health and HealthPartners are the largest and serve over two million members. Group Health operates in Washington State and North Idaho. HealthPartners operates in Minnesota, western Wisconsin, South Dakota, and North Dakota and is able to provide a national network through its partners. Group Health Cooperative of South Central Wisconsin (1974) has over 70,000 members and operates mainly in Wisconsin. The three cooperatives provide health plans as well as a wide range of services: primary care, urgent care, specialized care (e.g., eye care, mental care, dental care), and online care services. Almost half the cooperatives operate in Wisconsin, a state where cooperatives are very widespread.

Two other cooperatives aim at strengthening and facilitating the operations of networks of regional hospitals. Rural Wisconsin Hospital Cooperative (1979) serves 39 hospitals in Wisconsin. The Hospital Cooperative operates in southeast Idaho and west Wyoming and serves 14 hospitals. It combines purchasing services and shared resources.

Health Care Cooperatives Data

Number of cooperatives	3
Types of cooperative	3 User
Number of members	approx. 2,180,000 members
Number of employees	approx. 23,300 employees[23]
Users	Over 2,180,000 users[24]
Facilities	6 hospitals, 75 primary care clinics, 5 medical clinics, 24 urgent care locations, 15 pharmacies, 6 eye care centres, home care, 22 dental locations, online care services, 4 outpatient surgery centres
Services offered	Illness prevention; Wellness and health promotion; Treatment and cure; Rehabilitation
Annual turnover	Above $7,888,359,000 USD

Cooperatives Supporting Regional Health Networks Data

Number of cooperatives	2
Types of cooperative	1 User, 1 Producer
Number of members	53 hospitals
Number of employees	71[25]
Users	10,000[26]
Facilities	53 hospitals
Services offered	Illness prevention; Wellness and health promotion; Treatment and cure; Rehabilitation
Annual turnover	N/A

Case Studies

Group Health (1947) is a consumer-governed, non-profit health organization. It is based in Washington State and northern Idaho. Group Health is one of the oldest and largest health care providers to operate in a cooperative manner in the USA. Although it is not incorporated as a cooperative, it has adopted a cooperative philosophy since its creation.

Members elect a board of eleven trustees, who are all health plan members.[27] The board of trustees hires the chief executive officer and sets the strategy and direction of the organization. It works collaboratively with the physician group practice, deliberately separating management functions from medical decisions, and ensuring consumer oversight. Members further participate with their ability to propose and approve bylaw changes and advisory resolutions. They advise management through grassroots activities, member councils, and interest groups. Volunteer activities also constitute an important part of members' involvement in Group Health's governance (e.g., volunteering at health centres, transporting needy seniors to their medical appointments, or serving as companions in hospices).[28]

Group Health's mission is to "enrich people's lives by improving health" and to provide high-quality and affordable services. Group Health serves more than 600,000 members and generated more than $3.6 billion USD in 2013. It operates 25 primary care clinics, 3 urgent care centres, 4 outpatient surgery centres, and 1 hospital. It works in collaboration with more than 1,000 physicians.

Group Health manages plans for families, individuals, businesses, and federal and state employees. It provides health plans for major USA companies such as The Boeing Company, Comcast Corporation, Macy's, and Microsoft Corporation. Group Health also offers several Medicare plans. Group Health's membership is composed of commercial groups (53%), Washington state employees (15%), Medicare members (14%), individual and family members (14%), and federal employees (9%).[29] Most users are members of Group Health although some non-members can use the services in cases of emergency.

In 1983, Group Health opened a medical research institute, which has published more than 2,400 articles. The institute constitutes a major source of innovation and improvement of Group Health's services and positions the organization as a leading health care provider. Group Health also supports a foundation that funds health care and community-based programmes, like school-based health centres, or programmes for abused women and children.[30] The foundation runs a large immunization programme in the state of Washington to increase childhood immunization rates, which have dropped over the years. The institute and the foundation partner with Group Health on an innovative research programme, Partnership for Innovation, to improve care-based research into patients' needs and the proposals of the medical staff.

The **Rural Wisconsin Health Cooperative (RWHC)** serves as a catalyst for statewide collaboration as a progressive, creative force on behalf of all rural health constituencies. Owned by 39 non-profit, rural, acute, and general medical-surgical hospitals, RWHC's mandate is twofold: advocacy for rural health at the state and federal levels, and shared service development for member hospitals as well as external customers.

Incorporated in 1979 as a member-owned co-op, RWHC has received national recognition as one of the United States' earliest and most successful models for networking among rural hospitals. Programs and services have evolved over time to include shared staffing, quality improvement, patient satisfaction surveys, clinical and managerial educational offerings, financial and HIT (health care information technology) consulting, public- and foundation-based grant initiatives, as well as dozens of collaborative projects amongst its members. RWHC employs 71 people and works and supports more than 10,000 individuals working in rural health organizations throughout Wisconsin and the USA.

The core values of trust, collaboration, creativity, excellence, pride, openness, individual development, productivity, and responsibility continue to define the work of RWHC and its members. Through collaboration, RWHC is able to deliver services that are innovative and reliable, yet affordable for the smaller hospital. These offerings help to improve the quality of the patient experience, improve the health of the local population, and reduce the operating expense of providing care.

SOCIAL CARE COOPERATIVES

Social care cooperatives, mostly home care cooperatives, first appeared at the beginning of the 20th century. In 1970s, producer-owned cooperatives that offered care services to the elderly and disabled expanded. **Cooperative Home Care Associates**, the first worker-owned social care cooperative, was founded in New York in 1985 and is one of the largest and most influential of its kind today. The experience of Cooperative Home Care Associates provided an alternative to traditional care providers, which mainly employed temporary and untrained personnel. In the 1990s, similar cooperatives began to operate throughout the United States to provide home care for the elderly.[31]

"Human services" cooperatives have also emerged as a means to offer mutual support to families caring for individuals with disabilities. Initiated by families and people with disabilities, these cooperatives provide, for example, care services, therapy, professional training, and help finding jobs for disabled individuals. Cooperatives that offer social care services (therapy, home care) are the only ones that were included in this survey.

Twenty-one social care cooperatives were identified. Home care services for the elderly and the disabled, and acupuncture and massages are the types of service these cooperatives provide. Three cooperatives have multistakeholder memberships, 16 cooperatives are producer-based, and two more are user-based. Few data are available on their membership, turnover, and staff, but the data collected shows that the cooperatives differ widely in size. Cooperative Home Care has the largest staff with about 2,000 employees. Staff ranges from two to 500 people in the other cooperatives. Three cooperatives are "human services cooperatives": Arizona Autism United, Freedom Co-op, and Inspire.

There has been a resurgence of interest in "home health care" cooperatives through the growth of the worker cooperative sector in the United States. The HomeCare Coop Foundation, established within the past five years, is an example of the re-emergence of cooperatively based home health care services. The Foundation provides in-home care cooperatives with an array of capacity-building resources to optimize their impact and improve the lives of caregivers and ultimately, their clients. The U.S Federation of Worker Cooperatives supports the development of home care worker cooperatives as well.

2.1. Social Care Cooperatives Data

Number of cooperatives	21
Types of cooperative	2 User, 16 Producer, 3 Multistakeholder
Number of members	N/A
Number of employees	N/A
Facilities	N/A
Services offered	Illness prevention; Wellness and health promotion; Treatment and cure; Rehabilitation
Annual turnover	N/A

Case Studies

The **People's Organization of Community Acupuncture** (POCA) is a rapidly growing cooperative of people involved in the community acupuncture movement: acupuncturists, patients, clinics, and supportive organizations.[32] It is a multistakeholder cooperative and counts 1,684 members. POCA's stakeholders are patients, organizational members, clinic, and acupuncture members. Between 2012 and 2014, the number of its new members almost doubled.

Membership services differ for POCA member groups. Patient members benefit from free birthday treatment, three free referral coupons, a newsletter, and access to a website discussion forum, "POCA TV." Acupuncture and clinic members benefit from all the above as well as additional forum discussion areas with posts on thousands of topics, several wikis, peer mentoring, and a microloan programme. Organizational members have the same benefits as patient members as well as the ability to market products, services, and POCA member discounts for free in the e-Circular.

Member benefits/services grew exponentially in the first three years. They now include a resource-rich website with open-source clinic and business materials plus a free video channel, and free and low-cost CEUs (Continuing Education Units) for practitioners. There is also the option of an affordable community acupuncture school that connects graduates directly with existing community acupuncture jobs and advice for starting and running community acupuncture clinics.

POCA was incorporated in 2011 as the successor organization to the Community Acupuncture Network (CAN). CAN was a non-profit business league for acupuncturists who were using a high-volume, low -cost, group treatment model designed to make acupuncture accessible to people on ordinary incomes. Unfortunately, it did not have a formal role for community acupuncture consumers. POCA's history is short but the year 2014 provided several milestones. The annual survey confirmed that clinics using its model delivered over 900,000 affordable treatments in 2013. POCA counts more than 1,000 patient members, and an acupuncture school is expected to open in the very near future.

Most people do not have insurance that covers acupuncture, especially enough acupuncture to adequately treat chronic conditions. POCA's clinics have enhanced the delivery of acupuncture so that patients are part of the delivery systems clinically and can contribute social capital (volunteering, marketing) and financial capital (membership dues, donations to POCA) towards clinics and the POCA Co-op. This ability to contribute to the systems that deliver the care is linked to another sense of wellness for the individual, for the community to which s/he belongs, and for the clinic community itself. POCA could be described as a non-capitalist franchise owned by patients who need acupuncture and acupuncturists who need jobs.

PHARMACY COOPERATIVES

In the United States, pharmacy cooperatives are mainly second-level cooperatives. In the 1990s, independent pharmacies were facing increasing competition from "chain drugstores, mass merchandisers and supermarkets." To stay in business, they started forming purchasing cooperatives to leverage costs and to compete with larger retail companies. They serve several thousand members.[33]

Five pharmacy cooperatives were identified in this survey, four of which are second-level purchasing cooperatives. The five cooperatives are user-based cooperatives and their consolidated membership represents over 7,385 pharmacies.[34] Compliant Pharmacy Alliance Cooperative (1993), American Pharmacy Cooperative, Inc. (1984), Partners in Pharmacy Cooperative, and Independent Pharmacy Cooperative offer purchasing services to lower the operating costs of pharmacies. Independent Pharmacy Cooperative also supports advocacy efforts. The fifth cooperative, Care Pharmacies Cooperative Inc., is an independent retail chain and counts over 85 members nationwide.

Pharmacy Cooperatives Data

Number of cooperatives	4 second-level purchasing cooperatives and 1 first-level cooperative
Types of cooperatives	5 User
Number of members	N/A
Users	N/A
Facilities	Over 7,385 pharmacies
Annual turnover	N/A

HEALTH MUTUAL ORGANIZATIONS

In the 1970s, many businesses started forming member-owned cooperatives to purchase health insurance for their employees.[35] The cooperative model allowed them to negotiate the best services and rates for their employees instead of paying expensive health insurance costs. In the late 1990s, these cooperatives operated on behalf of about 10 million employees. These purchasing cooperatives are regulated under a specific legal status in many states, such as in Texas and California.[36]

Only two health care cooperatives offering health plans were identified in this study. Both offer supplementary coverage. Farmer's Health Cooperative offers health plans to about 2,600 farmers and agribusinesses in Wisconsin. Group Health Cooperative of Eau Claire (1976) serves 70,000 members in western and central Wisconsin. They are both Health Maintenance Organizations (HMOs).

The Obamacare Consumer Operated and Oriented Plans (CO-OPs) are a new form of health mutual organization. Although they are not registered as cooperatives, they must be governed by their members, reuse their surplus revenue in the organization, and be registered as non-profits. Since most of them were launched fairly recently (2013), it is not yet clear if they all operate under those principles. (For example, one will open its board to members in 2015.[37]) CO-OPs are still evolving and working to find a sustainable business model.

National cooperative leaders in the United States have been engaging with CO-OPs in an effort to better understand their role in the marketplace and explain the differences between them and registered cooperatives to avoid confusion and encourage the application of cooperative principles in their governance.

Health Mutual Organizations Data

Number of cooperatives	25
Types of insurance	25 supplementary
Users	About 477,600
Facilities	N/A
Annual turnover	N/A

SOURCES

[1] A more detailed version of this case is available upon request. Thanks to the following for their collaboration: Liz Bailey, Margaret Bau, Michael Beall,Thomas Bowen, Eric Bowman, Amy Coghenour, Diane Gasaway, Vanessa Hammond, Amy Johson. Dave Johnson, Martin Lowery, Margaret Lund, Jane McNamee, Cris Monteiro, Bruce Reynolds, Lisa Rohleder, and Tim Size.
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