Comments on Financial Sustainability Draft Report

Received before Close of Business Dec. 6, 2013

From: Leighton Ku [mailto:lku@gwu.edu]
Sent: Tuesday, November 26, 2013 2:42 PM
To: Comments, FSR (DCHBX)
Subject: Comments on financial sustainability report

As chair of the working group on this issue and a Board member, I think the draft report reflects our decision and is a reasonable and fair policy for the District. It is implicit in the report that the group -- which included a wide variety of members including representatives of insurers and advocates -- unanimously agreed to the working group report in order to obtain complete consensus.

Leighton Ku, PhD, MPH
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Director, Center for Health Policy Research
School of Public Health and Health Services
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From: Mariele777@aol.com [mailto:Mariele777@aol.com]
Sent: Tuesday, November 26, 2013 9:56 PM
To: Comments, FSR (DCHBX)
Subject: Comments on Draft Financial Sustainability Report

As a District resident, who works independently and has been purchasing medical insurance for many years, I would like to thank the DC government officials for requesting comments from citizens and would like to make the following comments to the sustainability report:

First, the report does not include critical information (actuarial tables) on which the information is based.

Second, the second attachment that should be included in the report is not there.

Third, as I understand it, the financing will always come from the largest insurers in DC. This means that the district residents that pay for insurance will be expected to make the system sustainable because the insurers will pass on the costs. This is the usual way of doing business because the insurers can't be expected to finance the system at a loss to their companies.

There are a few things that are not good for us, but we consume them anyway: tobacco, alcohol, sugar, and salt. These cause long-term illnesses in many cases (high blood pressure, diabetes, COPD and emphysema, alcoholism, etc.). It seems to me that if we want to have a healthier DC population, then the government has the authority (and should have the desire) to levy a tax on those products that are the most harmful to us. Those of us who wish to consume them can continue to do so but at higher personal cost.

Economists say that economic incentives are powerful and I happen to agree. In this case, an economic disincentive to consumers may result in some healthier people and in a sound and financially sustainable HBX.

In closing, I respectfully request the decision-makers to consider the above options.

Sincerely,

Maria Elena Anderson

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From: Arthur Heimbold [mailto:aheimbold@erols.com]
Sent: Thursday, November 28, 2013 4:06 PM
To: Comments, FSR (DCHBX)
Subject: The usual

The usual question.

What group of tax payers are paying for all of this loving healthcare...or is it the Chinese? Right, you got it the 1%. Their cash should last about 2 months and then who pays...you sweet, lovable, progressive, democrats, right again, the ones who love arithmetic of debt! Wow, aren't they smart.

Statement:

- It is impossible to reform the Healthcares system...Why? Because there is no Healthcare system. Just hundreds of thousands of medical businesses that the government now wants to manage.
- Why do governments want to have a system they can control...Votes! Yes, indeed, votes. Pander, pander, pander.
- And comparing the US to European countries...those tired little financially unstable countries is nonsense...take just one aspect...geography...France, the largest country in Europe FITS inside of Texas...Germany fits inside of Montana.
- Guess who provides air ambulance service to the Canadian maritime provinces. Yes, you are right again...The USofA from Maine.

What the administration is dishing up for you is baloney on stale white...with no mustard + warm water. Choke it down y'all Liberals.
And who is not covered under Obamacare...Right again kiddies, The Prez and Congress. Those boys and girls understand the game.
Oh, I forgot all Obama's pals, they get a pass too!

A new national holiday baloney for the turkeys.

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----- Forwarded Message -----
From: "Martin Atayo,Executive-in-Chief/ President" <MartinAtayo@mpgatechnology.com>
To: "frs.comments@dc.gov" <frs.comments@dc.gov>
Sent: Wednesday, December 4, 2013 8:00 AM
Subject: Fw: Public Comments Sought on HBX Draft Financial Sustainability Report

In reaction to public comments invitation as contained in forwarded email within the context of financial sustainability of DC Health Benefits, we herein, suggest as follow:

1) Exploiting and Applying Internet sales tax on all purchases, appropriately, carried out in District of Columbia zip codes and telephone landline and wireless dialing codes. Such taxes be made to support DC Health Benefits in the long term context, and at the same time, reducing primary premium burden on the part of insurance coverage beneficiaries, in consonant with Obamacare original idea conception to overcome inequality margin.
This suggestion is further fostered by recent Supreme Court's smart decision

to remain mute on matter of internet sales tax, pushing discretionary decision burden back to individual states.

2) We also suggest examination of introduction of gasoline sale tax at the pump in District of Columbia (e.g, 0.05% or ten cents only per galon) for the purpose of financing DC Health Benefits in the long term context. These are not very visible sources of funding and sustaining DC Health Benefits, and therefore, are unlikely to provoke any public concern.

We wish to finally note that based on original Obamacare idea construct, grants from Federal Government only serve to support wages of employees working for Obamacare, and insurance Trust Fund is supposed to be structured to be state by state funds generating on top of basic subscription premium.

Thank you in advance for putting up the above two suggestions to all Board members attention.

Wishes of the Season.

Martin Atayo
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From: James Mullen [mailto:JMullen@delta.org]
Sent: Friday, December 06, 2013 12:53 PM
To: Comments, FSR (DCHBX)
Cc: Jeff Album; 'Kevin Wrege' (kwrege@pulseadvocacy.com)
Subject: DC Financial Sustainability Comments

Please find attached a comment letter on the November 25, 2013 draft Financial Sustainability Report issued by the D.C. Health Benefit Exchange Authority. We appreciate the opportunity to provide feedback on this important topic.

Sincerely,

James Mullen | Manager, Public and Government Affairs | jmullen@delta.org
Office 916-861-1668 | cell 916-397-7130 | fax 916-631-1101
Delta Dental of CA, NY, PA & Affiliates | 11155 International D41 | Rancho Cordova, CA 95670
We keep you smiling® | www.deltadentalins.com

December 5, 2013

SENT VIA EMAIL
District of Columbia Health Benefit Exchange Authority (DCHBX)
fsr.comments@dc.gov

RE: Financial Sustainability Report from the District of Columbia Health Benefit Exchange Authority

Dear Exchange Authority Staff:

On behalf of Delta Dental, I am writing to you today to address the November 25, 2013 draft Report on Financial Sustainability for the District of Columbia Health Benefit Exchange (DCHBX). This item concerns applicable user fees assessed against qualified health plans (QHP) and qualified dental plans (QDP).

As we understand, the DCHBX's current approach would base a user fee assessment on a percentage of the carrier's premium market share. The actual percentage of the assessment would be calculated based on a projection of the operating expenses of the Exchange and the previous year's total health insurance premium dollars. This percentage could therefore increase or decrease in percentage from year to year. Further, this assessment would apply for Qualified Dental Plans (QDPs), also based on premium market share, including outside Exchange business and individual, small group and large group business.

First, we fundamentally agree that any participating QDPs should be assessed user fees to help fund the District's Exchange. And we commend you on the idea that the application of the assessment should be done in proportion to a product's written/paid premium, which automatically adjusts so that each participating carrier pays in equal proportion to their book of business.

While we agree with the fundamentals, we also have two concerns:

1. The Exchange Authority is applying the assessment, its purpose to fund the exchange, to QDP plans that have for the most part been disallowed entry into the DCHBX. As we have stated in previous comment letters, without a requirement for at least a few QHPs to offer medical without dental inside the Exchange, there is no viable market for QDPs offering pediatric dental in compliance with the Affordable Care Act (ACA). The result is that the assessment is being applied to us and other standalone dental plans in the District, while the Exchange simultaneously denies us the opportunity to sell ACA-compliant pediatric dental in OR outside the exchange in the non-group and small group markets.

2. We must oppose any assessment on QDPs outside of the Exchange, as these plans reap none of the advantages or administrative functions provided by the Exchange. It makes sense to assess fees to issuers inside the Exchange because the Exchange is both marketing and facilitating the sale of products with the advantage of federal subsidies to improve their affordability. However, outside Exchange issuers do not receive any benefit from using the Exchange and must bear the full administrative burden of their products. Thus, fees applied outside will raise the pricing of those products without any return benefit for the consumer. QHP and QDP products sold outside the Exchange should be exempt from any assessment or fees charged to finance the Exchange. This will protect the affordability of coverage outside the Exchange and provide small

businesses and families in the District with additional avenues through which to purchase and/or retain their existing coverage.

We would welcome any opportunity to meet or speak with you and/or any appropriate staff to discuss these matters. Please know that we stand ready to help when it comes to implementing the dental benefit provisions of the health care reform law.

If you have any questions, please do not hesitate to call me at (415) 972-8418.

Sincerely,

Jeff Album
Vice-President, Public and Government Affairs

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From: Baker Enterprises [mailto:crying4phoenix@gmail.com]
Sent: Friday, December 06, 2013 2:03 PM
To: Comments, FSR (DCHBX)
Subject: Comments on Financial Sustainability HBX

Mark E. Baker, MBA
P.O. Box 41205
Washington, DC 20018
December 6, 2013

Leighton Ku, Chair
Working Group on Financial Sustainability
DC Health Benefit Exchange Authority

Via email to fsr.comments@dc.gov

Dear Sir:

I am a small business owner in the District of Columbia and a licensed life and health insurance producer for DC, Maryland and Virginia. In response to your request for comments on financial sustainability of the DC Health Exchange, I would like to offer the following observations and concerns.

The current language of the proposal suggests that there will be an annual re-evaluation and potential increase in funding for the exchange. The report states, "It is important to note that the operating expenses of the Authority will vary from year to year. Thus the percentage assessment will vary from year to year, whatever the base." This seems to open up a black hole of continuing hikes in cost which will erode the essential benefits of ACA. Some mechanism for oversight or control of increases in cost needs to be specifically mandated. This is especially so since many federal workers will not need to participate in the exchange and the DC Council seems bent towards encouraging large employers to become situated within DC. These employers may not provide health benefits for their employees, preferring to shift the cost burden onto the exchange, or DC Alliance programs.

A result of the demographic change encouraged by the DC Council and Mayor is the increase in upper middle and upper income residents. This gentrification yields a healthier and wealthier population of residents. At the same time reticence to increase the minimum wage level will create an economic divide with more entrenched poverty for the lower wage citizens. This stratification of income can be expected to increase the number of persons requiring Medicaid or Alliance based services. Many of the wealthier residents may choose lower cost plans with higher deductibles reducing the amount of premiums contributed to the sustainability goals.

My suggestion would be to broaden the base of participating insurers. There is a counterpoint to the committee's conclusions concerning the convenience of administering the plan. The committee presumes an "administrative hassle" from a broader base of insurance carriers: "To minimize administrative hassle, Authority staff recommended that the assessment apply only to health insurance carriers with annual premiums of at least $50,000. This threshold for assessment reduces the number of carriers to be assessed from 830 to 158, thereby saving the Authority the administrative burden of collecting small amounts of money from nearly 700 carriers that do little or no business in the District presently." The threshold should be adjusted to encourage broader participation.

Some smaller firms can have graduated levels of participation, based on premium based revenue, in order to encourage more firms to reach minimum levels of policy production in the District. By enhancing opportunities for these smaller firms to benefit from broader market expansion, encouraging business expansion or growth, you can assure greater choice and diversity of providers. While an administrative burden is relieved by the proposed plan, there is no compulsion that firms among the 158 with the required minimum premium activity will remain in place. The proposal has the effect of creating a barrier to entry for smaller firms or newer collaborative ventures.

There is one overriding observation that arises from the Medicaid based premium assessment suggested in your report. Medicaid alone will provide more than 40% of the projected revenue to fund ACA related costs in 2015. While the administrative costs of the exchange are very small (estimated up to $25 million) there seem to be a significant over reach in revenue requirements. Your analysis suggests that the cost structure for the ACA is primarily regarded as an expansion of Medicaid based funding. Other revenue streams need to be included and I suggest considering excess revenue collected from traffic cameras and parking enforcement.

Sincerely,

Mark E. Baker, MBA

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Principal® Financial Group

December 6, 2013

Sent via email only: fsr.comments@dc.gov

District of Columbia Health Benefit Exchange Authority 1100 15th Street NW, 8th Floor
Washington, DC 20005

RE: Comments on DC HBX Draft Financial Sustainability Report

Dear Health Benefit Exchange Honorary Board and Committee Members:

I am writing on behalf of Principal Financial Group ("The Principal"). We appreciate the opportunity to provide input on the Draft Financial Sustainability Report and the proposed potential Exchange revenue sources.

The Principal offers life, annuity, disability income, dental and vision insurance products in all 50 states and the District of Columbia. Relevant to the proposed procedure, The Principal provides stand-alone dental coverage to nearly 6,000 enrollees in the District of Columbia. While The Principal will be providing coverage in DC as a stand-alone dental plan, The Principal will not be participating on the DC Health Benefit Exchange.

The proposed recommendation at issue addresses Exchange assessments and, as written, the proposed policy would apply to all District health insurance carriers. It is unclear if this recommendation excludes HIPAA excepted benefits.

It is Principal's position that HIPAA excepted benefits should not be subject to an assessment. Clearly, HIPAA excepted benefits do not realize the same advantages as the benefits that are subject to the Affordable Care Act ("ACA"). Therefore, we ask you to clarify that only those plans actually subject to the ACA are made subject to assessments and fees.

We trust you will take these comments into consideration in deciding on the issue of Exchange plan assessments. Thank you again for the opportunity to provide you with our perspective on these important issues.

Sincerely,

Catherine Drexler

Catherine M. Drexler
Counsel - Government Relations 515-247-9158
drexler.catherine@principal.com

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Received After Close of Business Dec. 6, 2013

From: KMcCown@ameritas.com [mailto:KMcCown@ameritas.com]
Sent: Friday, December 06, 2013 5:21 PM
To: Comments, FSR (DCHBX)
Subject: Financial Sustainability Report from the District of Columbia Health Benefit Exchange Authority

Dear Exchange Authority Staff:
On behalf of Ameritas Life Insurance Corp, a licensed insurer providing stand-alone dental and vision plans in the District of Columbia, we are writing to provide comments on the November 25, 2013 draft Report on Financial Sustainability for the District of Columbia Health Benefit Exchange (DCHBX). Our comments pertain to the applicability of user fees assessed against Qualified Health Plans (QHP) and Qualified Dental Plans (QDP).
We certainly agree that any QDPs or QHPs that participate on the Health Benefit Exchange should be assessed user fees to help fund the District's Exchange. And we commend you on the idea that the application of the assessment should be done in proportion to the written/paid premium, which automatically adjusts so that each participating carrier pays in equal proportion to their book of business.
We oppose any assessment on stand-alone dental plans and QDPs business outside of the Exchange. Such plans reap none of the advantages or administrative functions provided by the Exchange. The Exchange is both marketing and facilitating the sale of products inside the Exchange with the advantage of federal subsidies to improve their affordability. However, outside the Exchange issuers do not receive any benefit from using the Exchange and must bear the full administrative burden of their products. Thus, fees applied outside will raise the pricing of those products without any return benefit for the consumer. Issuers who are either only allowed or chose to sell their products outside the Exchange should be exempt from any assessment or fees charged to finance the Exchange. This will protect the affordability of coverage outside the Exchange and provide small businesses and families in the District with additional avenues through which to purchase and/or retain their existing coverage.
Dental benefits in particular are very price sensitive. This was recognized under the Affordable Care Act by treating them as excepted benefits in many areas of the law. Additional costs would not only impact the affordability of pediatric benefits but also adult benefits, with a correlating adverse impact on oral health. We believe that oral wellness is an essential part of overall wellness. We welcome any opportunity to speak with you and/or any appropriate staff to provide additional information or clarification.
If you have any questions, please do not hesitate to call me at (402) 309-2019 or email kmccown@ameritas.com.
Sincerely,
Kate McCown
Director, Group Compliance – Health Care Reform

Kate McCown, PCS | **Ameritas Group** | Director, Group Compliance – Health Care Reform
475 Fallbrook Blvd., Lincoln, NE 68521 | p: 402.309.2019 | f: 402.309.2573 | kmccown@ameritas.com

From: Cohan, Colleen C [mailto:colleen_cohan@uhc.com]
Sent: Friday, December 06, 2013 7:19 PM
To: Comments, FSR (DCHBX)
Subject: UnitedHealthcare Comments on Financial Sustainability Report

Thank you for the opportunity to comment on the "Report to the Mayor and Council of the District of Columbia on Financial Sustainability from the District of Columbia Health Benefit Exchange Authority" (the Draft Financial Sustainability Report). UnitedHealthcare appreciates the opportunity to review and share our comments and recommendations.

In the long term, we believe that the cost to operate the DC Health Benefit Exchange should be borne by the qualified individuals, employers or Qualified Health Plans inside the Exchange. However, in the short term we understand that there will not be adequate membership to take this approach and as such, the need for a broad-based fee. We suggest that the broad-based fee be limited to a period of two years and then re-evaluated to determine if, based on the costs to operate the Exchange and the total membership, a user-based fee is feasible. Additionally, all funds collected should include a transparent plan as to how the funds will be allocated to specified Exchange activities.

We urge that any fees or assessments be defined as a per member per month amount and communicated to carriers well in advance, using a prospective adjustment to avoid a year end true-up and allow such costs to be reflected in future premiums. So for example, for 2015 carriers would need to know the amount of the per member per month fee by the end of the first quarter of 2014.

Fees or assessments used to finance the Exchange should be considered a state tax or assessment as outlined in the Affordable Care Act and its implementing regulations, and should be excluded from health plan administrative costs for the purpose of calculating medical loss ratios or rebates, to the full extent allowed by federal regulation.

Thank you again for the opportunity to provide feedback. Please feel free to contact me if you have any questions.

Colleen C. Cohan
Associate General Counsel
Legal & Regulatory Affairs
UHC – Mid-Atlantic Health Plan
800 King Farm Blvd., Suite 600
Rockville, MD 20850
Office: 240-632-8109
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colleen_cohan@uhc.com

From: Kris Hathaway [mailto:KHathaway@nadp.org]
Sent: Friday, December 06, 2013 7:48 PM
To: Comments, FSR (DCHBX)
Subject: NADP Comments on Financial Draft

Dear Madam / Sir,

We are providing comments related to the draft Financial Report. Please forward to the appropriate audience and if there are any questions, to contact me at their convenience.

Thank you very much for your assistance.

Kris Hathaway, Director of Government Relations
National Association of Dental Plans
12700 Park Central Dr, Ste 400
Dallas, TX 75251-1529
Phone 972-458-6998 x111 (CST) / Fax 972-458-2258
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Minneapolis, MN
Staff Liaison
EVELYN F. IRELAND, CAE
National Association
of Dental Plans
Dallas, TX

December 6, 2013

Diane C. Lewis Mila Kofman
Chair, DC HBX Executive Board Executive Director, DC HBX Exchange Authority
1100 15th Street, NW, 8th Floor
Washington, DC 20005
Submitted via email: fsr.comments@dc.gov

RE: **Draft Report on Financial Sustainability of the District of Columbia Health Benefit Exchange Authority**

Dear Ms. Lewis and Ms. Kofman,

The National Association of Dental Plans (NADP) appreciates the opportunity to provide comments on the Draft Financial Sustainability Report published by the DC Health Benefit Exchange Authority (Authority) and the Finance Working Committee.

In the event the Authority's operating expenses exceed existing premium tax or operating assessments, the draft report authorizes the implementation of an assessment on premiums in the non-group, small group, large group and Medicaid MCO markets in the District. Each health and dental insurance carrier would be assessed based on its market share of premiums.

In today's benefit market, 99% of dental policies are offered separately from medical policies. Since the passage of the Affordable Care Act (ACA) and the inclusion of pediatric dental services as one of the Essential Health Benefits, NADP has advocated for Marketplaces to parallel the typical employer market so as not to disrupt current dental coverage as over 40% of dental coverage is within the small group market. Surprisingly, all Qualified Health Plans (QHP) which applied to provide medical coverage on D.C.'s Exchange embedded pediatric dental. As all small businesses will eventually be placed on the Exchange, there will be an interruption in benefits as well disruption in allowing a consumer's ability to keep their dentist. To minimize this disruption, NADP has long advocated for Exchanges to require QHPs who would like to embed dental within their policies, to also offer their medical policies without dental, allowing Exchange participants the same choices they have in today's employer market. Per the ACA, separate dental policies are required to be allowed on Exchanges as long as they meet specified requirements.

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972.458.6998 • 972.458.2258 [fax]

The draft report on Financial Sustainability proposes assessing fees from dental carriers operating in the District of Columbia to assist in funding the Authority. Therefore, a charge is placed on an industry to pay for an Exchange in which they cannot be a viable for option for consumers. In addition, the fees collected from dental carriers will diminish greatly over time as dental carriers are forced to leave the D.C. market.

We urge the Authority to reconsider the application of any additional assessment on dental carriers until there is a viable opportunity to sell ACA-compliant pediatric dental plans on the D.C. Exchange.

NADP is appreciative for the opportunity to provide comments on the draft financial report and looks forward to future discussions on the critical issues we addressed above. Please contact me with any questions regarding these comments at khathaway@nadp.org or 972-458-6998x111. Again, thank you for your consideration.

Sincerely,
Kris Hathaway

Director of Government Relations
National Association of Dental Plans

From: Sergent, Randolph [mailto:Randolph.Sergent@carefirst.com]
Sent: Wednesday, December 11, 2013 3:06 PM
To: Comments, FSR (DCHBX)
Subject: Financial Sustainability Report

I apologize if this is coming in new. I had thought that this comment had been sent on Friday, December 6, but it does not look like it went through. CareFirst had the following brief comment on the draft report, copied below:

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I write on behalf of CareFirst BlueCross BlueShield and with regard to the November 25, 2013 draft *Report to the Mayor and Council of the District of Columbia on Financial Sustainability from the District of Columbia Health Benefit Exchange Authority*. CareFirst supports the goal of funding the DC Exchange Authority through a broad-based funding mechanism, as referenced in the report.

The report proposes to levy a licensing fee and collect a broad-based assessment on all health insurance premiums in the District from non-group, small group, large group and Medicaid MCO carriers for any given calendar year. We support this approach, but wanted to make clear that premiums attributable to the Federal Employee Health Benefits Program (FEHBP) should not be included in such assessment. See 5 U.S.C., Section 8909(f). States or localities cannot impose assessments on that federal program, and FEHBP is not subject to the existing DC premium tax. We assume that this is what the Authority intended in its report, but thought it would make sense to make the issue clear.

Thank you for the opportunity to comment.

--Randy

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