



**Statement of Mila Kofman, J.D.
Executive Director of the Health Benefit Exchange Authority
Before the
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON HEALTH**

**Agency Performance Oversight Hearing
on the
District of Columbia Health Benefit Exchange Authority**

**Wednesday, February 26, 2014 – 10:00 AM
John A. Wilson Building
Room 120
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004**

Chairperson Alexander and members of the Committee, my name is Mila Kofman. I am the Executive Director of the DC Health Benefit Exchange Authority (HBX) and it is an honor to be here.

The HBX is a new quasi-government agency created to help implement the federal health coverage reform law, the Affordable Care Act. Due to the strong leadership of the Council and Mayor Gray, the District was among the first jurisdictions in the nation to move forward with its effort to establish a state-based health insurance marketplace. Prior to the creation of HBX, four agencies lead the District's ACA implementation effort -- the Department of Health Care Finance, the Department of Health, the Department of Insurance, Securities, and Banking, and the Department of Human Services. They deserve a lot of credit for the District's success.

In December 2012, the federal government conditionally approved the District as a state-based exchange marketplace. By January 2013, the City had signed the contract with IPS -- the systems integrator tasked with the responsibility to build the on-line marketplace. That is a DHS contract.

HBX ESTABLISHMENT

The Health Benefit Exchange Authority Establishment Act became effective in March 2012. Pursuant to the Establishment Act, the Mayor appointed the Executive Board in July 2012.

The Executive Board has seven private DC residents as voting members and four government agency heads as non-voting members. After being sworn-in, the executive board members worked quickly to begin operationalizing the new quasi-government agency. Without permanent staff, the Board members not only did the work that Boards do, but also did much work that usually falls on staff and management. They quickly recruited an Interim Executive Director, Sandra Robinson, who served from October to December 2012 and focused on getting the office established including getting a budget done for FY2013. I was brought in as the Executive Director – and first official employee -- of the DC Health Benefit Exchange Authority in January 2013.

We focused on three main areas in our first year:

1. Policy questions and decisions left to the states by the ACA: These policy decisions needed to be made as they informed both the IT development of the on-line marketplace and consumer protections and market standards.
2. IT development: Building the new online marketplace and passing required federal testing to ensure that the District would have its own marketplace and not one operated by the federal government.
3. Establishing a new quasi-government entity: This included establishing an organization and staffing it, purchasing basic equipment like computers, having office space, etc.

POLICY DEVELOPMENT

It was important to the HBX Executive Board and to me that the District's Marketplace – DC Health Link – reflected the priorities and values of our communities. Our approach in 2013, that continues to-date, is a community-based decision process involving diverse stakeholders.

In 2013, we established **15** working groups to develop policy recommendations on a range of specific topics/issues. Each was chaired by an Executive Board member and vice-chaired by a member of the public; some were vice-chaired by a member of the Standing Advisory Board.

The Standing Advisory Board and three Advisory Committees are on-going committees charged with reviewing questions, issues and developing policy recommendations. The three ongoing advisory committees are the Producer Advisory Committee, the Plan Management Advisory Committee, and the Consumer Assistance and Outreach Advisory Committee.

Consensus recommendations from the Working Groups, Advisory Committees, and the Advisory Board are reviewed by the Executive Board and to-date have been adopted by the Executive Board. Non-consensus recommendations are reviewed by Executive Board Working Committees before going to the full Executive Board for consideration.

I am very proud to once again say that it took a village to build DC Health Link. Most of the policy work that had to be done in the Spring 2013 was completed and decisions were reflected in our legislation, the Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013. The Council unanimously adopted the temporary and emergency bill in early Summer, 2013.

In 2014, we will be establishing additional working groups and the work of the Standing Advisory Committees and the Standing Advisory Board continues. The Producer Advisory Committee has spearheaded our efforts to ensure that brokers are fully integrated into our marketplace. We continue to work closely on quality improvement to our broker portal, on broker education, and on broker registration efforts. The Plan Management Advisory Committee is currently looking at how to enhance the shopping experience for consumers. The Consumer Assistance and Outreach Advisory Committee proved fundamental to the creation of our highly successful DC Health Link Assister program. Our DC Health Link Assisters are blanketing communities in DC with enrollment opportunities for people to obtain the quality, affordable health coverage we are so proud to provide.

INFORMATION TECHNOLOGY

In 2013, building the technology behind an on-line marketplace was the highest priority. The federal government required all states seeking to become a state-based marketplace to pass on-going IT testing and to meet milestones demonstrating the state was on track to be open for business on October 1, 2013.

To help us succeed, I asked Suzanne Peck to lead the IT effort for HBX. Ms. Peck had a proven track-record of successfully implementing large scale IT projects in the private and public sectors. I credit much of HBX's success to her leadership. She worked closely with staff from DHS.

From the start, we knew that this was a very complex project with an aggressive timeline and many moving parts. Three major software platforms and more than a dozen data sources had to be integrated within DC Health Link, including the Federal Data, Local Data Hub and legacy District health and human services systems.

We had to build an on-line marketplace with unprecedented capabilities. We also had to build a Carrier portal to enable health and dental carriers to certify and upload hundreds of different plans. We also had to build a top-notch portal for insurance brokers to ensure that businesses and individual consumers could continue to receive expert advice and services from brokers.

In addition to focusing on building the on-line marketplace, we had to ensure that we passed federal "gate reviews" conducted by the federal government. This was a requirement for states to be allowed to continue building a state-based marketplace. Failing these required gate reviews would have meant having the federal government operate the District's marketplace. We successfully passed all reviews. We were the first

state to pass Wave 2 testing, successfully completed Wave 3 testing in June and Wave 4 testing in July, and in August passed the final blue print testing, which included successfully passing 34 complex, end-to-end business processing scenarios.

We also successfully completed the Preliminary Operational Readiness Review (PORR), and passed four rigorous security gates – the Final System Security Plan (SSP), the Safeguard Procedures Report (SPR), the IRS Audit, and the CMS Audit –which assure that federal data is being housed and transmitted in highly secure environments.

We conducted Operational Readiness Review with CMS and completed that in September and received the final approval and federal sign-off for the District of Columbia state-based marketplace.

And on October 1, we were part of history when DC Health Link opened for business.

As you know, the city signed its IT contract in January 2013. We were the last state marketplace to do so. We knew that the nine months for a complex IT project is not enough time. We needed to ensure that the core functionality would work, to reflect the policy decisions made earlier, and to strive for a good consumer experience. We made tough choices and right shifted areas we knew we could develop and add after October 1. One core area that was not producing the type of results that were necessary was the eligibility calculations for tax credits. We made the difficult decision not to deploy that on October 1 because we did not want consumers to be given incorrect determinations. Once working properly, we deployed correct determinations a month later so now determinations are accurate and automatic.

After we opened for business, we learned a lot from consumers and based on that user experience we have been upgrading DC Health Link. For example, we realized that once a person selected their plan and was done, there was no “congratulations you have selected a Gold Plan A” page. We were able to add that to the SHOP quickly. Our *next major upgrade will add* this to the individual marketplace. We are committed to continue to make improvements to DC Health Link – adding new functionality and seeking to improve consumer experience.

I would characterize 2013 as systematically exceeding all expectations.

SETTING UP A NEW QUASI-GOVERNMENT AGENCY

In 2013, we also had to establish a new quasi-government agency. This included assessing current staffing needs and planning for future staffing needs.

To do that I used my experience and the organizational restructuring I implemented as Superintendent of Insurance in Maine. I also looked at other state marketplaces and sought advice from the first executive director of the Massachusetts Connector. All of that informed an early decision not to create a giant bureaucracy. Instead I opted for a high functioning, high performing senior team. It was necessary to have people with

expertise in ACA and experience in the insurance industry or state/federal government implementing major reforms. I also recognized the challenges of recruiting senior experienced people to work in a start-up “government” environment. Government usually means stability, predictability and slow deliberative processes. Our start-up was instead organized chaos and “slow” was not in any one’s vocabulary. I had to compete against the private sector, other states and the federal government also looking for similarly skilled people.

While I was the first official hire, there were already a core group of individuals working in DC Government toward implementation of the new marketplace. Working with sister agencies, I was able to bring on board to the HBX roster the key policy staff who began this journey for the District – and who deserve much credit for our success. In addition, Sandra Robinson, who served as the Interim Executive Director, became the Senior Deputy Director for Operations. Sandra’s years of experience in DC Government has been vital to helping us establish ourselves. I recruited other senior team members with ACA expertise – as we had no time for on-the-job training -- people willing to work around the clock to achieve success, and people who were dedicated to our mission. I recruited the best of the best from the private sector including our first general counsel who came out of retirement after he spent decades in the insurance industry. Former high level Obama Administration Official and former senior congressional staffers who helped draft the ACA joined HBX. In May 2013, we doubled in size going from 7 to 14 employees. By year’s end we had 36 staff people.

Recognizing that the first year in any start-up is different than future years, my team adjusts. Some team members came in only for the excitement of the first year. Others who were not ready to come in year one, are in fact ready in year two as we have proven ourselves and as we have more stability and more refined processes. The HBX team will continue to evolve. The team size may change as we look for operational efficiencies and strategies for being the most cost efficient with the limited resources we have.

In addition to building an organization, and similar to other start-ups, we had to do basic things like purchase equipment, computers, printers, supplies, etc. As you know, the District requires five signatures to make a purchase. Initially having only one employee, it was not possible to have five sign-offs. For the first several months, we relied heavily on many District agencies. For example, Rob Mancini, Director of OCTO loaned us computers and printers to use until we could purchase our own; DGS found office space for us and larger space as we grew; DCHR helped to process personnel quickly. In our case, it really took a village to build successfully the District’s health insurance marketplace.

I am very happy to report that HBX was successful in 2013.

DC HEALTH LINK RESULTS

By tackling these three key priorities, we achieved a successful launch of DCHealthLink.com on October 1, 2013. As you know, we were among only four

marketplaces that were up and running on time and operational on day one. Our enrollment has exceeded all expectations – with thousands of District residents and many small businesses already enrolled. We were designated as the source of coverage for Congress and their staff and President Obama is one of our customers purchasing a plan through DC Health Link.

As of February 9, 2014 (date of most current data release), 26,180 people were covered via DC Health Link. Of those, 5,090 people were enrolled in private health plans through the DC Health Link individual and family marketplace; 8,451 people gained Medicaid coverage through DC Health Link; and 12,639 people enrolled through the DC Health Link small business marketplace (of which 12,359 were Members of Congress and designated staff).

Open enrollment for individuals and families continues through March 31, 2014 and remains open for small businesses year-round.

Our work is far from done, but I am proud to be here today to update you on our success to-date – none of which would have been possible without the strong support of the Council, Mayor Gray, sister agencies within DC government, our community and business partners, and the federal government.

In conclusion, thank you Councilmember Alexander, and all Members of the Council, for your ongoing, strong support for the District of Columbia Health Benefit Exchange Authority and our new health insurance marketplace – DC Health Link. I would be happy to answer your questions.