



**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**

Public Hearing  
On the  
District of Columbia Health Benefit Exchange Authority  
*Bill 20-240, "The Better Prices, Better Quality, Better Choices for  
Health Coverage Amendment Act of 2013"*

**Wednesday, January 29, 2014 - 11:00 AM**  
**John A. Wilson Building**  
**Room 412**  
**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 and it is an honor to be here.

I am testifying in strong support of Bill 20-240, "*The Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013.*" This bill would make permanent the temporary legislation passed by the Council this past summer.

When you held a hearing on this bill in May 2013, more than 50 witnesses came to share their perspectives on this legislation, overwhelmingly showing strong support for the legislation. These included national and local groups who worked for many years to get health coverage reforms passed and were strong supporters of the Affordable Care Act. Witnesses also included national experts like Alice Rivlin and others who understand insurance markets. The temporary bill was passed unanimously. Today, I am here to ask you and all the members of the Council to vote to make it permanent.

Last May, I testified that the District had the power to establish a truly competitive, consumer-driven private health insurance marketplace for residents and small business owners ensuring access to high quality, affordable coverage. The Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013 did that.

Through this legislation, the District created real price competition. In our market, price transparency and competition has benefited people and small businesses. Also, the legislation ensured that consumers purchasing through the marketplace have access to all health insurance products sold by insurers. The legislation also helped ensure that health insurance coverage through the Marketplace includes broad provider networks, nationwide networks as well as comprehensive Metro-area networks.

Looking at other states, it is clear that without legislation creating one big marketplace, consumers in many cases face high premiums, limited coverage options, and limited provider networks. Permanent legislation is necessary to ensure that the District continues to have competitively priced coverage, real choices, and coverage with comprehensive networks.

As you know the District's new on-line health insurance marketplace -- called DC Health Link - opened for business on October 1, 2013. Bloomberg news reported that we were one of only four jurisdictions nationwide to successfully open the morning of October 1. Since then we have enrolled more than 20,000 people.

I strongly believe that this success is due in large part to the enactment of the legislation and that is why it is critical that the Council make it permanent.

### **Price Competition**

The creation of one big marketplace has been vital to creating real competition resulting in more affordable premiums for individuals and small businesses.

All prices and products are transparent in one place on-line – DCHealthLink.com.

After insurers initially filed proposed rates and these became public, three insurers resubmitted proposing lower rates. United Healthcare lowered proposed rates twice – cutting proposed rates by more than 10 percent. Aetna lowered its proposed rates for many of its products by more than 5 percent. Kaiser Permanente also lowered its proposed rates for small-businesses and individuals. (SEE DISB press releases at <http://disb.dc.gov/release/third-insurer-kaiser-drops-rates-dc-health-link-exchange-competition-and-transparency-cut> and <http://disb.dc.gov/release/second-insurer-aetna-drops-insurance-rates-dc-health-link-another-sign-competition-and>)

Insurers know that when a consumer sees all prices, the consumer is in the driver's seat. They also know that prices must be competitive and low enough to attract buyers. The temporary legislation created real competition in prices. And as a result, people and small businesses have benefited.

We know that our rates are competitive. Brokers have told us that they can find better deals now for their small business clients through DC Health Link. One small business

owner told me that they are saving over \$1000 a month. They have a platinum level plan (the most expensive level of coverage) through DC Health Link.

Importantly, permanent legislation is necessary to ensure that rates remain affordable and that policies are priced competitively.

### **Broad choices of insurers, coverage and networks**

Unlike other jurisdictions with state-based or federal marketplaces, all major insurers are offering coverage through DC Health Link. Aetna, CareFirst BlueCross BlueShield, and Kaiser Permanente are offering coverage through the DC Health Link individual marketplace. These and United HealthCare are offering coverage through DC Health Link's small business marketplace.

There is a product for everyone, fitting a small business' and an individual's needs and different budgets. In the small business marketplace, insurers are offering 267 different products – HMOs, PPOs, zero-deductible plans, and HSA-compatible high deductible coverage, plans with broad nationwide provider networks and robust local and regional networks – and full employer choice that allows each small business to offer its workers a choice of insurers, plans, and different levels of coverage. Small businesses, like large employers, can finally offer their employees choices.

There are 34 insurance plan choices (31 comprehensive plans and 3 catastrophic plans) in the individual marketplace.

Importantly, small group and individual plans have broad nationwide and local METRO-area provider networks. Products sold through DC Health Link are similar to what has traditionally been offered commercially in the District.

Fortunately, the District's Marketplace offers to consumers and small businesses a choice of coverage from all major insurers in the District, many different coverage options, and comprehensive provider networks. This is different than the experience in many other states. For example, in one state that has a great individual marketplace, only one insurer is offering coverage to small businesses through their SHOP marketplace and that coverage is only available in two counties in the entire state. In another state with a federal marketplace, although five insurers offer coverage to individuals and families through the marketplace, only one offers coverage in all parts of the state.

In contrast, each of the insurers here in the small group marketplaces offer networks that expands beyond the District. Aetna, CareFirst BlueCross BlueShield and United all offer nationwide plan options. Kaiser Permanente, an HMO which by definition has a regional network, opened a significant number of their plans to their networks everywhere they do business across the country.

One of the strongest endorsements of our success in the District is that the Federal Government chose DC Health Link as the marketplace for insurance coverage for all

Members of Congress and their designated staffs. DC Health Link closely resembles the Federal Employees Health Benefit Plan, which has broad choices. Our marketplace – with four major insurers participating and offering broad choices with comprehensive networks – was selected as the best option for Members of Congress and their designated staff nationwide.

And in December, President Obama enrolled through DC Health Link’s individual marketplace.

The choice of all major insurers, a broad variety of different health insurance products, and nationwide and comprehensive local provider networks all result from the private market parameters established through the legislation -- *Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013*.

Without permanent legislation, we can assume that our experience is likely to be similar to what other jurisdictions have experienced -- a lack of competition and high premiums, consumers and businesses with fewer options, and coverage with inappropriately narrow networks. Instead of having one big marketplace where all businesses and consumers have lots of affordable quality options, absent permanent legislation, we may have few coverage options for people who need premium reductions, while people able to pay full price would have broad choices. Insurers could decide not to offer coverage through the Marketplace or to offer only a few options. We need permanent legislation to ensure that all consumers and small businesses in the District continue to have access to all major insurers, all products, and comprehensive provider networks.

## **Conclusion**

In conclusion, I strongly support Bill 20-240 and urge you to make “*The Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013*” permanent. Although today I focused on one major provision, the bill has many consumer protections. It reflects the significant work done by many diverse stakeholder policy working groups that developed consensus policies and policy options where consensus was not possible and reflects recommendations from the Standing Advisory Board. The bill reflects the work of hundreds of people who were working group members and many more who participated in these groups. With more than 50 public meetings and professional assistance from nationally recognized experts like Jon Kingsdale (the first executive director of the Massachusetts Connector), these policy committees of diverse stakeholders including consumer and patient advocates, small business owners, insurers, brokers, physicians and other providers have compromised and reached consensus. The bill reflects their work. Their efforts have enabled us to be here today with a successful start to a new era in health insurance in the District.

While we are proud of our record to date, we know there is much more to be done. We are improving our website on an on-going basis and decisions are informed by the experience of our customers, brokers and DC Health Link Assistants.

In conclusion, thank you Councilmember Alexander, and all Members of the Council, for your ongoing, strong support for DC Health Link. I truly believe that for us to continue our successful start, permanent enactment of “*the Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013*” is vital. Without it, there is a real danger of coverage not being priced competitively and therefore premiums skyrocketing. And there is a real danger of choices that exist today disappearing, leaving consumers with very few options.

Thank you for the opportunity to testify. I urge the Council to approve “*the Better Prices, Better Quality, Better Choices for Health Coverage Act of 2013*” with the important consumer protections as well as the one big marketplace for all.