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DISB Public Hearing 2020 PROPOSED HEALTH INSURANCE RATES

June 10, 2019

DC Health Benefit Exchange Authority

Mila Kofman, JD
Executive Director



Proposed Rates Plan Year 2020 Public Hearing

We appreciate Commissioner Taylor's support for the Health Benefit Exchange Authority (HBX), your contributions as a Board Member, and your consideration of our recommendations.



- **DC Health Link**, a public-private partnership, is the on-line health insurance marketplace for residents and small businesses in the District of Columbia.
- Established to get people covered and provide transparency, encourage market competition, and simplify the purchase of insurance, DC Health Link provides residents and small businesses the type of market power only large employers had in the past.
- DC Health Link advocates for the lowest possible rates for District residents and small businesses.



ACA and DC Health Link Background

- DC: 96%+ of District residents insured
 - Uninsured rate cut in half since DC Health Link opened
- Last state to start IT build, 1 of 4 state marketplaces opened for business on time (& stayed open) Oct 1, 2013
- Small group & individual market through DC Health Link (full transparency and price competition):
 - **100,000 covered lives** (private health insurance): 79,000 people in SHOP (5,000+ District small businesses covered; 11,000 Congress -- Members and designated staff in district offices and on the Hill); 17,000 residents (individual); 5,000 residents with individual dental insurance (market didn't exist before);
 - 800+ brokers

Health plans that fit all budgets (2019):

- **152 health plans** (3 United Health Companies; 2 Aetna; Kaiser Permanente, and CareFirst Blue Cross Blue Shield) – small group
- **25 health plans** (Kaiser and CareFirst) – individual



HBX Recent Awards and Recognition

- ✓ **2018 & 2016 Best Practices in Innovation:** Amazon Web Services (AWS) City on a Cloud international competition
 - for shared services with the Massachusetts Health Connector for Business & open source code in the cloud with agile development (works on all devices – don't need internet and computer access; daily deployments and no off-line for deployments)
- ✓ **2018 and 2017 Ranked #1 for consumer decision support tools (ranking of SBMs and FFM)**
- ✓ **4 PR News Awards in 2018**
- ✓ **2017 AWS IT case study** on cloud solutions (<https://aws.amazon.com/solutions/case-studies/DC-HBX/>)
- ✓ **First in the nation SBM partnership.** Selected by the Massachusetts Health Connector to provide IT solution and on-going operations support for the MA SHOP (Feb 2017)



Federal actions segmenting markets, destabilizing insurance, and causing premiums to increase:

- Cut open enrollment period in half
- Cut navigator & paid media funding
- Allowed direct enrollment via web-based enrollers
- Restricted Special Enrollment Periods
- \$0 federal individual responsibility requirement
- Pushed to attempt to repeal ACA
- Ended cost sharing reduction reimbursement (CSR)
- Threatened to prohibit silver-loading
- Temporarily stopped risk adjustment payments
- Exempted association health plans
 - **HBX estimate: increase premiums in individual market by \$1,307/year; \$1,486/year per person small group in DC**
- Expanded short-term limited duration plans
 - **HBX estimate: increased claims cost 21.4%; 6,100 people become uninsured (~35% of DC's individual market)**



Response to Federal Actions: Non-legislative

- ✓ **Extended Open Enrollment Period:** Nov 1 to Jan 31
- ✓ **Increased investment in outreach, marketing, and enrollment:** navigators funding; additional paid media
- ✓ **Provided relief from burdensome federal requirements:** expanded SEPs
- ✓ **Created more robust plan design:** standard plans to ensure access to care pre-deductible
- ✓ **ACA working group:** ~20 meetings; diverse members (DC Chamber, consumer and patient advocates, health plans, a broker, hospitals, community health centers, individual & business enrollees); unanimous local policy recommendations



Response to Federal Actions: DC Policymakers

Mayor Bowser, Committee on Health Chair Gray, and DC Council responded to protect District residents:

✓ Enacted DC Individual Responsibility Requirement

- Based on HBX ACA working group recommendations, creates a DC individual responsibility requirement to have coverage (similar to federal)

✓ Enacted The Health Insurance Marketplace Improvement Act of 2018 to protect against junk insurance, higher premiums, and market destabilization

- Established ACA standards for short-term limited duration plans
- Established ACA standards for association health plans
- New standards were based on joint recommendations from DISB/HBX



HBX's role in rate review:

- HBX advocates for the **lowest possible rates** for our small business and individual customers.
- HBX provides actuarial analysis and policy reasons for the lowest possible rates for DISB's consideration.
- HBX outside actuaries (Oliver Wyman) analyze proposed rate filings:
 - Identify unsupported assumptions and errors
 - Work with DISB actuaries



Proposed Rates for Plan Year 2020 filed with DISB

Insurer	Proposed Individual Rates (Current Standards)	Alternative: increases premiums paid by small businesses & non-profits to reduce premiums for individual policies	Proposed Small Group Rates (Current Standards)	Alternative: increases premiums paid by small businesses & non-profits to reduce premiums for individual policies
CareFirst (HMO)	+7.7%	-10.0%	+13.5%	+17.1%
CareFirst GHMSI (PPO)	+15.6%	-5.4%	+18.5%	+21.6%
Kaiser	+5.0%	+2.5%	+3.0%	-4.7%
Aetna Health (HMO)	n/a	n/a	+16.1%	+19.3%
Aetna Life (PPO)	n/a	n/a	+5.0%	+7.76%
United Optimum (HMO)	n/a	n/a	+13.0%	+17.4%
UHIC (PPO)	n/a	n/a	+11.2	+15.6
United Mid-Atlantic (HMO)	n/a	n/a	+7.4%	+11.6%



DISB requested insurers to file alternative rates

https://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/Bulletin%2019-IB-2-43_0.pdf

RESULT of the “alternative rate”:

- **Additional** premium increases for small businesses & non-profits covered by **CareFirst (HMO and PPO), all United and all Aetna companies.**
 - Additional premium increase of 3% to 4% on top of premium increases due to risk, medical cost, etc.
- Premium reductions for individual policies.



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HBX agrees with the goal of reducing premiums for people with individual health insurance but **strongly opposes** doing that by increasing premiums for small businesses and non-profits in the District.

- It is not equitable to shift the entire burden to the small business and non-profit community to make coverage less expensive for individuals.
- This proposal will force some small businesses and non-profits to drop their health insurance.
- There are **other ways to make coverage more affordable** to people with individual policies (e.g., HBX ACA working group recommendations for reinsurance and APTC expansion similar to what other states are doing).



NEXT STEPS FOR HBX ...

HBX's independent actuaries from Oliver Wyman are reviewing the filings to identify incorrect and/or unsupported assumptions.

HBX will be recommending lower rates based on actuarial analysis from Oliver Wyman and based on public policy considerations:

- District residents, small businesses, and non-profits **cannot afford** proposed premium increases.
- Many testify each year sharing with you the **tremendous hardship** and sacrifices they make to stay insured.
- Any increase means some DC residents will no longer be able to afford their premiums and may be forced to **become uninsured**.



NEXT STEPS FOR HBX CONT....

HBX strongly opposes the alternative rate filing.

While we agree with the goal of reducing premiums for people with individual health insurance (and have identified ways to do that), we **strongly oppose** doing that by increasing premiums for small businesses and non-profits in the District.



Conclusion

Thank you Commissioner Taylor for holding this hearing.