

April 10, 2014

The Honorable Yvette Alexander
Chairwoman, Committee on Health
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Ave, NW
Washington, DC 20004

Dear Chairwoman Alexander,

As organizations that serve and advocate for residents of the District of Columbia, we write to express our support for the “Proposed Assessment Rule for Financial Sustainability for the DC Health Benefit Exchange Authority.” The Rule creates a broad-based assessment on all health carriers in the District and dedicates those funds to support the operations of the DC Health Benefit Exchange Authority. So far, the District has been a national model of success in health exchange implementation, and we believe the proposed assessment is the fairest and most consumer-friendly way to continue that success in the District of Columbia.

The DC Health Benefit Exchange, also known as DC Health Link, has had success in providing comprehensive access to health coverage for District residents. So far, the District’s transparent and well-functioning web portal has enrolled more than 40,000 people into private health plans and Medicaid and is the marketplace for many staff of the United States Congress and President Barack Obama.

To continue our success, the District must find a sustainable local funding source to support the operations of the exchange. For the first year, operations are funded with federal implementation grants, but those funds are set to expire. After considering recommendations of a community stakeholder working group, the Health Benefit Exchange Authority determined an assessment on health carriers would be the most effective way to raise revenue for operations while minimizing the impact on premiums for health plans sold both inside and outside of the exchange.

The proposed rule adds Subtitle D to Title 26, Insurance, Securities, and Banking, of the District of Columbia Municipal Regulations. The subtitle creates an assessment on each District health carrier with direct gross receipts of \$50,000 or greater. Health carriers constitute “entities [...] that contracts or offers to contract, to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services”, including major medical insurers selling on and off the exchange, managed care organizations, and HIPAA-accepted benefit products. The assessment is based on a percentage of the carrier’s direct gross receipts in the previous calendar year and is expected to be 1 percent or less in fiscal year 2015.

We support this approach because the broad-based assessment has several advantages for consumers:

First, a broader assessment base will result in lower costs to individual consumers and small businesses. Carriers are likely to pass on the cost of the assessment, but if the assessment is broad, the premium of each individual plan will be affected minimally. The proposed assessment’s inclusion

of carriers selling outside of the exchange, managed care organizations, and carriers that sell HIPAA-exceptions (such as long-term care and disability insurance and indemnity products) will also mean that all health carriers are assessed evenly, and exchange plans and their enrollees are not disproportionately impacted. All health carriers will benefit from residents getting access to coverage through DC Health Link, as it creates healthier risk pools and reduces uncompensated care. HIPAA-exceptions will directly benefit as they will have more demand for the many of their products that supplement major medical plans. This may be especially relevant upon finalization of proposed federal regulations that would prohibit the sale of fixed indemnity plans unless those plans are sold to supplement major medical coverage.

Secondly, consumers and small businesses benefit from a fully funded and well-functioning exchange. The assessment allows the District's marketplace to operate independently of the District's General Fund, avoiding potential spending pressures with other health programs. A consistent revenue stream is necessary to ensure that the technical and operational functions of the marketplace that are critical to delivering health insurance to consumers are never jeopardized due to funding concerns. It will also allow DC Health Link to maintain a strong network of consumer assistance – increasing the capacity at the call-center, funding assister and navigator organizations, and improving outreach efforts in hard-to-reach communities. Sufficient funding is also necessary to further improve the IT capabilities for the marketplace and to enhance the consumer experience.

Finally, a sustainable funding source will allow the Authority to actively monitor and evaluate the plans sold through DC Health Link so that consumer protections can be implemented as needed. For example, data collection regarding health plans' provider networks would allow the Authority to improve consumers' access to primary care doctors and specialists once they have a plan.

We believe the broad-based health carrier assessment is the best tool for funding the exchange's operations while maintaining affordability for consumers and businesses, and we hope that you support the proposed rule as it moves forward.

We thank you for your dedication to the health of DC residents, and please feel free to contact Wes Rivers at DC Fiscal Policy Institute (202-325-8821) with any questions.

Sincerely,

American Cancer Society Cancer Action Network, Inc.
American Heart and Stroke Association of the Mid-Atlantic
Autism Speaks
DC Chapter of the National Organization for Women
DC Coalition on Long Term Care
DC Fiscal Policy Institute
Families USA
Family and Medical Counseling Service, Inc.
Greater Washington Society for Clinical Social Work
Hemophilia Association of the Capital Area
Hemophilia Federation of America
La Clínica del Pueblo
Legal Aid Society of the District of Columbia
Mary's Center

Metropolitan Washington Council, AFL-CIO
Miriam's Kitchen
National Multiple Sclerosis Society, National Capital Chapter
National Women's Law Center
Whitman-Walker Health