



The District's Dime

Going Beyond the Budget Book

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KEEP CALM & OBAMACARE-Y ON

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Across the country, health insurance companies are sending letters notifying some people that their health plan is being cancelled because it doesn't meet quality standards under the Affordable Care Act (ACA). Some view this as discouraging, but in the District, residents with cancelled plans now have the ability to shop for higher quality health coverage and apply for financial assistance on DC's fully functioning online marketplace ([DC Health Link](#)). That is why the DC Fiscal Policy Institute, along with 12 other organizations, believes DC officials should not change any regulations governing DC's health insurance marketplace.

Last week, states were given the option to allow health insurance companies to renew cancelled plans for the 2014 plan year --- meaning an insurance company could offer non-ACA compliant plans for one more year. In the District, that would mean that some plans for individuals and families would not have to offer essential health benefits, such as preventative care and robust access to mental health and substance abuse coverage, nor would they have to follow consumer protections and quality standards set by DC Health Link.

While this option may address the fear some people have around “losing” coverage, the DC insurance regulators must evaluate whether this a real problem in District and whether it is widespread. There are several reasons why the District residents are less likely to face problems than other people elsewhere.

DC Health Link is fully operational, so that any consumer who receives a cancellation notice can immediately shop for a new health plan. The DC Health Link website is running smoothly, which means residents can purchase a new plan immediately and not have a gap in coverage. Consumers will find plans that are high quality – because of the standards set for plans on the exchange —and competitively priced due to transparent and competitive market that the exchange creates.

Many in the District's individual market are eligible for subsidies – but only if they sign up through DC Health Link. This means that residents who receive a cancellation letter are likely to receive a better deal on the exchange than they did with their old plan.

Small businesses already have a plan to transition into DC Health Link's new market and many already offer something similar to DC's essential health benefits. DC small employers have until 2016 to transition to the new marketplace, and the minimum standard of benefits that the District adopted is based on the most popular small business plan that already exists.

Allowing people to keep their cancelled plans also might undermine the new online exchange marketplace. [Many state insurance commissioners](#) worry that the option would increase prices in the new state health exchanges, like DC Health Link, because different rules for different plans would decrease transparency in the market and lessen competition. If younger and healthier people --- those who are most likely to have cheap, barebones plans --- stay out of the exchange, that will leave the exchange to serve older or less healthy people and people with lower incomes. The result would be increased prices for everyone in the exchange.

It is fair to acknowledge that some residents in the District might pay more for health insurance. This is especially true for healthy, self-employed individuals who earn just over the level needed to qualify for subsidies. However, it is likely that this group is fairly small and, in the end, this group will be paying for better quality care without gaps in services if they get sick.

DC Fiscal Policy Institute and 12 other organizations have signed a letter asking District leadership to not adopt any option that undermines the price stability, transparency, or consumer protections of DC Health Link. We believe maintaining DC Health Link's market plan is the best way to ensure that residents remain covered and receive the highest quality benefits possible.

A copy of the letter can be found [here](#).