

**TESTIMONY OF WES RIVERS, POLICY ANALYST
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**At the Fiscal Year 2015 Budget Oversight Hearing
For the DC Health Benefit Exchange Authority
District of Columbia Committee on Health
April 10, 2014**

Chairwoman Alexander and other members of the committee, thank you for the opportunity to testify today. My name is Wes Rivers, and I am a Policy Analyst with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

I am here today to comment on the proposed budget for the DC Health Benefit Exchange Authority and to support the proposed assessment on health carriers to fund the Authority's operations. DC Health Link helps ensure that residents and small employers have access to a range of high-quality and affordable health plans. The DC Fiscal Policy Institute applauds the Health Committee and the Exchange Authority for leadership in making DC Health Link a top tier state-based marketplace and for your efforts to find an adequate and sustainable funding stream.

Since last October, the new online shopping portal has given small businesses and individuals an easy way to shop for health plans and to get help to pay for them. So far, more than 40,000 people have signed up for private coverage or Medicaid through DC Health Link -- a testament to the high functionality of the marketplace and the robust network of assistance available to consumers.

Overall, DCFPI supports the proposed operating budget for the Exchange Authority. The Exchange has budgeted for a robust network of consumer assistance, outreach, and communication, adding staff and resources for the next open enrollment period in November. The Authority will continue its partnership with the Department of Human Services' Economic Security Administration (ESA) -- dedicating \$2 million to support ESA caseworkers and front line staff as they help Medicaid applicants and enrollees navigate the new system. This funding is critical because consumers faced staffing and resource shortages at ESA service centers during the first open enrollment period. Those shortages led to long wait-times, delayed processing of benefit renewals, and even improper termination of benefits. Additional support from the Exchange's budget will help alleviate some of those problems.

The Exchange Authority proposes \$5 million to maintain the call-center, a critical component of consumer support in the District. In the first enrollment period, the call-center fielded 86,000 calls for assistance. Finally, the budget for in-person assistance includes two Navigator positions that will help residents through the enrollment process, similar to the in-person assisters currently operating at community-based organizations around the city. DCFPI asks that Council and the Exchange

Authority monitor the demand for in-person assistance through the next open enrollment period. Federal grant money may expire at the end of the year and fewer assisters will be available. If demand is high, more local funding for in-person assistance programs will be needed.

The District must also find a sustainable local funding source for these and other operations of the Exchange Authority. For FY 2014, operations are funded with federal implementation grants, but those funds are set to expire. After consultation with consumers, businesses, and carriers, the Authority is proposing an assessment on the gross receipts of **all** health carriers operating in the District. DCFPI supports 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.** Insurance carriers will pass on the assessment costs to consumers in the form of higher premiums, but if the assessment base is broad, each individual premium will be affected minimally. The proposed assessment's inclusion of carriers selling outside of the exchange, managed care organizations, and carriers that sell HIPAA-excepted benefits will mean that all health carriers are assessed evenly, and exchange plans and their enrollees are not disproportionately impacted.
- **Secondly, consumers and small businesses benefit from a fully funded and well-functioning exchange.** A consistent revenue stream is necessary to ensure a strong network of consumer assistance, to improve IT capabilities for the marketplace, and to enhance the consumer experience.
- **Finally, a sustainable funding source will also allow the Authority to monitor and develop consumer protections for plans sold on DC Health Link.** 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.

The broad-based assessment on all carriers is logical and fair because all carriers will benefit from the Exchange. Carriers that sell plans on the exchange will benefit from a fully-funded and well-functioning Exchange that will help drive consumer demand for their products. HIPAA-excepted plans will directly benefit as they will have more demand for many of their products that supplement major medical plans. This may be especially true given proposed federal regulations that would prohibit the sale of fixed indemnity plans unless those plans are sold to supplement major medical coverage.

Thank you for the opportunity to testify, and I am happy to take any questions.