



The District's Dime

Going Beyond the Budget Book

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DC Council: Support Funding DC Health Link In a Way That Keeps Plans Affordable for All District Residents

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Today, the DC Council will review a proposal to finance DC's online health insurance exchange, www.dchealthlink.com, in a way that spreads costs among consumers and taxpayers broadly. The new revenue stream makes a lot of sense because all insurers and consumers will benefit from the success of DC's exchange and because other financing options would result in very high costs for affected consumers.



Source: Getty Images

The DC Council passed a temporary version of the proposal to fund DC Health Link for fiscal year 2015, but needs to pass a permanent version to fund the exchange in future years. DCFPI testified in favor of the proposal.

The bill creates an assessment, or tax, on the premiums of all health insurance companies in the District, including companies operating inside and outside DC Health Link. The tax also will apply to Medicaid Managed Care Organizations and companies that sell supplemental products like disability or long-term care insurance. The broad-based assessment makes sense because:

- A broad assessment will keep costs to individuals and small businesses as low as possible. Insurance carriers will pass on the assessment costs to consumers in the form of higher premiums, but if the assessment is broad, each individual premium will be affected minimally.
- Consumers and small business will benefit from a fully funded exchange – more community partners for in-person consumer assistance and improved technology.
- All health insurers will benefit from more people getting health coverage through DC Health Link. As more residents have health insurance, their health will be likely to improve, and health providers will see a reduction in uncompensated care costs, which have to be spread among those with insurance. This means that DC Health Link should reduce average health costs, which helps all insurers.

- Insurers that sell indemnity or supplemental products outside of the exchange will benefit, because those supplemental plans are mostly sold to people who already have major medical coverage. As more residents have basic coverage, demand for supplemental coverage should increase.

These benefits are possible only if DC Health Link has the resources needed to operate the complex site and provide assistance to help individuals and businesses sign up. A broad-based tax makes that possible. If the exchange had to be funded solely through fees on plans sold on the exchange, the costs to consumers could be very high or could leave the exchange without the resources it needs.

All insurers, businesses, and individual consumers benefit from a well-functioning health exchange. DC's funding stream recognizes these benefits and effectively spreads the costs.

To read a copy of the full testimony, [click here](#).