

**TESTIMONY OF WES RIVERS, POLICY ANALYST  
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**At the Public Hearing for Bill 21-8  
“Health Benefit Exchange Authority Financial Sustainability  
Amendment Act of 2015”  
District of Columbia Committee on Health and Human Services  
January 29, 2015**

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 testify in support of Bill 21-8 “Health Benefit Exchange Authority Financial Sustainability Amendment Act of 2015.” 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. For the record, I am also submitting a letter signed by 24 health advocacy organizations in support of this legislation.

So far, more than 70,000 people have signed up for private health plans or Medicaid through DC Health Link – a testament to the high functionality of the marketplace and the robust network of assistance available to consumers. The District-based exchange has also given DC the ability to implement policies that address local barriers to health access and ensures that nearly 2,500 residents will get access financial assistance when purchasing insurance – a support that may not be available to consumers on the federal exchange pending Supreme Court proceedings next month.

The District must find a sustainable local funding source for these and other operations of the Exchange Authority. While initial operations have been funded with federal implementation grants, those funds will not continue. After consultation with consumers, businesses, and carriers, the Authority is proposing a permanent assessment on the gross receipts of **all** health carriers operating in the District. The assessment was around 1 percent of premium revenue in fiscal year 2015. 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 District-based exchange.** A local marketplace means that consumers have direct access to consumer supports and exchange staff in their community. If they have problems, which happen, they know who to call and how to get help. A consistent revenue stream is necessary to continue 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 District is developing a plan certification process which will increase data collection and transparency.

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 marketplace 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.