The District's Dime
Going Beyond the Budget Book

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CareFirst Has an Obligation to Invest $56 Million in the Health of DC Residents

By Wes Rivers

Late last year, the DC Department of Insurance, Securities, and Banking (DISB) found that CareFirst BlueCross BlueShield's DC-based subsidiary owes the District $56 million in community reinvestment because of excess surpluses accumulated by the nonprofit health insurer. But instead of developing a plan that makes fruitful investments towards DC's most pressing health needs, CareFirst is skirting their responsibilities to rate payers and District residents. DISB's Commissioner, the Bowser Administration, and DC Council need to work together to ensure that CareFirst meets its community obligations. The District should prevent CareFirst from raising prices of their health plans until they do so.

DISB found CareFirst to hold excessive surpluses of $268 million – or money beyond what is needed to run the nonprofit company – of which $56 million is attributable to revenue made in DC. Under current law, CareFirst must reinvest excess revenues into community health needs. The former commissioner of DISB ordered CareFirst to submit a plan for reinvesting the $56 million, but so far CareFirst has not complied. Now, DC residents must wait for the newly appointed DISB Commissioner Stephan Taylor to make a final ruling on the matter.

DCFPI and other advocacy groups are asking the Commissioner and DC Council to ensure that CareFirst reinvests in community.

- **The Commissioner should issue a final order requiring CareFirst to submit a plan as soon as possible and gather community input for that plan.** There are several pressing health issues in DC, including access to services for homeless residents, immigrants, and those facing mental health and substance abuse issues. (See this letter for a full list.) The Commissioner should require that a plan be submitted with clear and expeditious timelines and that the plan be subject to public input.

- **The Commissioner and DC Council should ensure that CareFirst face penalties if does not comply with community reinvestment.** Current law says that if CareFirst fails to submit a community reinvestment plan, the company cannot raise prices (rates) on its health plans for 12 months. DISB and the DC Council should ensure that this penalty is upheld.

- **The DC Council should clarify the law to enable DISB's Commissioner to develop his own plan should CareFirst continues to stall.** We believe the Commissioner has the authority to develop his own community reinvestment plan for the $56 million. Again, he should seek out robust community input on the needs of the community.

CareFirst has an obligation to the public health of the District, and we think that DISB and the DC Council have a responsibility to hold the company accountable.

To read our testimony on the issue, please click here.