

October 19, 2015

Stephen C. Taylor  
Commissioner  
D.C. Department of Insurance, Securities and Banking  
810 First Street NE  
Suite 701  
Washington, D.C. 20002

Dear Commissioner Taylor,

As organizations dedicated to improving the health and wellbeing of all DC residents, we strongly believe that Group Hospitalization and Medial Services, Inc. (GHMSI) must honor its statutory obligation to provide fair rates and not hold unreasonable excessive surpluses. We also believe that GHMSI is not complying with that obligation. We therefore urge you to (1) issue a final order as soon as possible requiring GHMSI to reinvest in the community the excessive surplus allocable to the District as determined by the DISB last December; and (2) preclude GHMSI from instituting further rate increases, in light of the company's failure to file a community reinvestment plan as ordered by DISB.

Many of our organizations have worked for years to ensure that consumers have adequate access to health care in the District. Consistent with its mission, GHMSI should play a prominent role in offering affordable coverage and then should reinvest any excess surplus to further make care accessible to the community. Under legislation adopted by the D.C. Council (the Medical Insurance Empowerment Act of 2008, MIEAA), GHMSI has a community reinvestment obligation (<http://dcode.org/simple/sections/31-3506.html>). On December 30, 2014, the Commissioner of the D.C. Department of Insurance, Securities and Banking (DISB) determined that the 2011 surplus of CareFirst BlueCross BlueShield's District-based affiliate, GHMSI, was excessive by \$268 million dollars and that \$56 million dollars of that excess was attributable to the company's earnings in the District of Columbia. The Commissioner therefore ordered the company to file a plan for reinvesting that \$56 million in the District.

The law requiring the reinvestment of GHMSI's excess surplus was passed more than six years ago. The Court of Appeals interpreted the law and remanded this issue to the DISB for prompt implementation nearly three years ago. The previous Commissioner ordered GHMSI to file a reinvestment plan by March 16, yet GHMSI has not done so. We are aware that you only recently assumed the position of Commissioner. However, due to the many delays on this matter and the urgency of the needs that could be addressed through this community benefit, we ask that you issue a final order in the proceeding as soon as possible and require a community process for determining the best use of these resources. As we understand the requirements of MIEAA given GHMSI's failure to file a timely community reinvestment plan, the company should not be entitled to any premium increases for 12 months; yet it has increased premium rates effective for the upcoming benefit period.

GHMSI could make a significant contribution to the health of District residents. Needs that quickly come to mind include the following:

- The Health Care Alliance, the District's coverage program for people who fall through the gaps in eligibility federal coverage programs for low-income populations, has required eligibility recertifications every 6 months in recent years, and long lines for recertification present a barrier to continued coverage. Eliminating this barrier would cost an estimated \$13 million.
- GHMSI could mitigate the most burdensome rate increases for people in older age bands, in much the same way that it mitigated rate increases for its prior guaranteed issue pool before ACA.
- GHMSI could assist with substance abuse and prevention services to help combat current problems with synthetic drugs, an issue that has ramifications for the entire city.
- GHMSI could help bring specialized services, such as cancer treatment, into Southeast.
- GHMSI could help ensure that health care services are part of the support provided to newly housed families as DC works to provide housing for the homeless.
- GHMSI could help fund services to the low-income elderly and disabled population, who now lose services such as dental care when they transition from the Medicaid program available to younger populations into the Medicare and QMB programs for the elderly.

These are just some of the many unmet health needs in the District. We urge you and GHMSI to develop a community process to determine how best to use its excess surplus for community benefit.

We thank you for your consideration and would welcome an opportunity to discuss this further.

Sincerely,

Bread for the City  
Children's Law Center  
DC Coalition on Long Term Care  
DC Fiscal Policy Institute  
Fair Budget Coalition  
Families USA  
Family Voices of the District of Columbia Inc  
George Washington University Health Insurance Counseling Project  
Health Care Now  
Healthy Families/Thriving Communities Collaborative Council  
Hemophilia Association of the Capitol Area  
Home Care Partners  
La Clinica Del Pueblo  
Legal Aid Society of the District of Columbia  
Miriam's Kitchen

cc: Mayor Muriel Bowser

Councilmember Vincent Orange