

**Testimony of Jodi Kwarciany, Policy Analyst, DC Fiscal Policy Institute
At the Public Hearing on 2018 Proposed Health Insurance Rates
DC Department of Insurance, Securities and Banking
August 17, 2017**

Commissioner Taylor and other staff of the Department of Insurance, Securities and Banking, thank you for the opportunity to testify today. My name is Jodi Kwarciany and I am a Health Policy Analyst at 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 also vice-chair of the DC Health Benefit Exchange Authority's ACA Advisory Working Group, a broad array of participants working to develop consensus recommendations for local policy interventions in light of potential regulatory and administrative actions at the federal level that can impact the District's marketplace.

I want to thank DISB for holding today's public hearing. Although proposed rates are submitted and reviewed yearly, this year is the first opportunity that stakeholders in the District can meaningfully comment on this process in an open, transparent way. We thank Commissioner Taylor and the staff at DISB for spearheading this initiative, and hope this hearing becomes a continued practice by the agency for years to come.

We also appreciate the efforts of the DC Health Benefit Exchange Authority, which continues to advocate year after year for the lowest possible rates for DC Health Link customers based on their findings from use of an independent actuarial consulting firm.

I would like to comment on the most recent proposed rate filings for 2018, and also offer several recommendations on how to further build upon the public rate review process in the future. The DC Fiscal Policy Institute shares concern expressed by others about the size of many of the proposed rate increases for 2018 and what they would mean for District consumers if approved. The proposed rates in the individual market include increases upwards of 30 percent to 45 percent for some plans, which could be a huge hit for consumers. I am concerned that rate increases of this size could lead many consumers to forgo coverage and pay the penalty. This is particularly important for the individual market in the District, where most consumers bear the full costs of insurance without subsidies or tax credits.

To be clear, rates change year over year for a variety of legitimate factors—including changes in cost and utilization, mandated plan offerings, or for this year in particular, the end of the federal reinsurance program. Carriers do their best to reflect these factors and price products adequately.

However, as a matter of public policy, the proposed rate increases for 2018 must be considered in light of their impact on the consumers this year, as well as the potential longer-term ramifications. As noted, large rate increases could lead more residents to forgo coverage, particularly those in good health. This would shrink DC's insurance pool, make that pool more risky, and create market

instability. In other words, sharp rate increase this year could lead to even higher costs or reduced margins in future years.

We therefore hope that DISB will weigh the legitimate business interests of insurance carriers with the equally legitimate concerns of consumers, with the goal of approving rates that lead to a robust risk pool and a stable, healthy, and affordable market. We believe that this would mean scaling back some of the largest rate increases.

Beyond this, we'd also like to offer recommendations on how to build upon the public rate review process into the future to create meaningful and vigorous public engagement.

- **Timing of Public Hearings:** We encourage you to consider having a public hearing earlier in the process, such as in June after proposed rates are filed, with an earlier announcement to encourage public commentary.
- **Outreach for Public Hearings:** We encourage a robust plan for advertising these public hearings. This should include outreach through DC government online and social media channels and direct DISB communication with stakeholders. It also could include paid ads in selected publications.
- **Transparency:** We ask you to make all preliminarily filed documents and final approved filings available to the public online, unless restricted by DC confidentiality laws. This should include rate adjustment recommendations from the DC Health Benefits Exchange Authority, and whether and why recommendations were either accepted or rejected. Furthermore, we recommend linking these documents in press releases or other announcements of public hearings. While we understand that DISB receives many documents, including frequent revisions, we think it is important to post them all.

As the insurance regulator for the District, it is DISB's duty to ensure that residents and small businesses are provided rates that are fair, adequate, and are not excessive. Working with both carriers and public stakeholders to ensure a deliberative and open process and maintain the vitality of our market is something I'm confident that DISB can do.

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