

**TESTIMONY OF WES RIVERS, POLICY ANALYST  
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**At the Public Roundtable on  
Review of Group Hospitalization and Medical Services, Inc. (“GHMSI”) 2011 Surplus  
District of Columbia Committee on Finance and Revenue  
October 28, 2015**

Chairman Orange 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 urge the Department of Insurance, Securities, and Banking (DISB) Commissioner Taylor to order the Group Hospitalization and Medical Services, Inc (GHMSI) to spend down the 2011 excessive surplus attributable to DC on meaningful, community health reinvestment. DISB should stop GHMSI from instituting any rate increases this year as a result of the company’s failure to comply with previous orders to file a community reinvestment plan. I am also here to ask DC Council to authorize Commissioner Taylor’s ability to aid in the planning of how that money is spent via the Medical Insurance Empowerment Amendment Act of 2008 (MIEAA). Finally, this testimony also details several areas of public health needs in the city – of which the surplus could be used to support.

On December 30, 2014, the former DISB Commissioner determined that the 2011 surplus of GHMSI, was excessive by \$268 million dollars and that \$56 million dollars of that excess was attributable to the company’s earnings in DC. In accordance with MIEAA’s community reinvestment provision, the former Commissioner ordered GHMSI to file a reinvestment plan for the excessive surplus by March 16, 2015. Instead of complying with the order and making fruitful investments in the health needs of District residents, GHMSI again disputed the Commissioner’s

findings, fought the calculation of excess surplus, and made unsubstantiated claims of past community investments.

Given GHMSI's response and their reluctance to cooperate with previous orders, we ask that the DISB Commissioner issue a final order in the proceeding as soon as possible and require a community process for determining the best use of these resources. DC Council could assist both DISB and GHMSI by holding additional roundtables where the public can speak to specific community health needs. Until GHMSI complies with their obligation, we ask that DISB and DC Council enforce MIEAA's penalty provisions and freeze GHMSI's ability to increase premiums over the next 12 months.

We are also asking that DC Council authorize and encourage Commissioner Taylor to propose his own plan for the money. There have been many delays in the process of confirming the GHMSI surplus and calling for them to spend it down. In the meantime, the health needs of District residents are pressing, so DCFPI believes that Commission Taylor – with the aid of public input – should be encouraged to draft and enforce his own community reinvestment plan.

Finally, there are several public health needs in DC, many of which deal with improved accessibility to health services – a key part of GHMSI and CareFirst's mission. With that in mind, GHMSI could make the following investments:

- **Making the Healthcare Alliance program more accessible.** The program is for low-income residents of DC who are not eligible for Medicaid, Medicare, or subsidies on DC Health Link. For years, DC has had some the strictest eligibility requirements of any public benefits programs, keeping many eligible residents off the program. DC government has shown a willingness to ease these requirements, but cost is a major factor – about \$13 million to change the requirements.
- **Helping homeless and newly-housed residents get access to health services and care coordination.** The District is combatting chronic homelessness with programs like permanent supportive housing, but is still seeking ways to fund the health and case management services needed to really support residents and keep them housed.

- **Expanding the maternal and child health home visiting program.** This evidence-backed program helps families with small children get access to health insurance, immunizations, preventive care, and nutrition and wellness resources that can help children enter school healthy and ready to learn. Right now the program is limited to Wards 5, 7, and 8.

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