

**Testimony of Jodi Kwarciany, Health Policy Analyst
At the Budget Oversight Hearing for the Office of the Chief Financial Officer
DC Council Committee on Finance and Revenue
April 18, 2018**

Chairperson Evans and members of the Committee, thank you for the opportunity to testify. My name is Jodi Kwarciany and I am the Health Policy Analyst at the DC Fiscal Policy Institute. DCFPI promotes opportunity and widespread prosperity for all residents of the District of Columbia through independent research and thoughtful policy solutions.

I am here today to speak in support of the proposed fiscal year (FY) 2019 budget for the Office of the Chief Financial Officer (OCFO), and in particular the \$1.1 million in proposed funding to support IT and outreach efforts needed to implement a new District-level individual mandate for health coverage.

With the help of the Affordable Care Act, DC has made great strides in ensuring access to health insurance for our residents. Since the enactment of the ACA, DC's uninsured rate has decreased to just 3.9 percent.¹ Unfortunately, the federal government is taking steps to undermine the law, requiring states to step in to stabilize insurance markets.

In October, President Trump issued an Executive Order that could increase enrollment in two forms of health coverage – association health plans and short term limited duration plans – that would not be subject to the same consumer protection regulations as other ACA plans. This could allow insurers to exclude important benefits like mental health care and prescription drugs, or even deny coverage or charge higher prices to people with pre-existing conditions in exchange for lower premiums. Then, in December, the federal tax bill repealed the Affordable Care Act's 'individual mandate,' which required most people to obtain health insurance coverage or pay a penalty. Together, both actions draw healthier consumers away from the regular insurance risk pool, which in turn raises insurance premiums for everyone else and can threaten peoples' access to comprehensive coverage. Such consequences could have a negative effect not only for our insurance market, but for our hospitals, clinics, health care providers and freelance workforce as well.

For this reason, I was proud to be Vice-Chair of the DC Health Benefit Exchange Authority's Affordable Care Act Working Group, tasked by the Mayor to recommend "actions the District government should take to protect coverage gains and ensure affordable health care coverage for individuals and small businesses."² The Working Group unanimously recommended a District-level individual mandate – along with several additional affordability provisions—which was further supported by the DC Health Benefit Exchange Authority's Executive Board in late February.³

The recommendations of the Working Group could not have been fully achieved without the helpful insight of the OCFO. During our deliberations, the OCFO played an instrumental role by advising the Working Group on the state and federal tax process, including important considerations around tax collection timing, capacity, and IT infrastructure. Understanding the large role that the Office of Tax and Revenue would play

in implementing and enforcing an individual mandate, we knew that substantial investments would be needed to fully realize this important policy.

Accordingly, DCFPI supports the \$1.1 million enhancement to the proposed FY 2019 budget for the OCFO to help implement the District-level individual mandate. Of this amount, \$551,000 will support the OCFO's Tax Administration and Information Technology programs, which will allow the OCFO to make needed changes to the District's tax regulations and publicize the changes for tax filing. An increase of \$549,000 will cover technology services in Information Technology related to the mandate.

When people have health insurance, they can more regularly manage their health needs and focus on other things like their families, education or jobs. Implementing a local health insurance requirement is a smart move for the District, and we hope that the FY 2019 budget will support the infrastructure needed to protect DC's coverage gains and maintain insurance market stability.

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

¹ United States Census Bureau, "Selected Characteristics of Health Insurance Coverage in the United States" & "Health Insurance Coverage Status", American Community Survey 1-Year Estimates.

² Mayor Muriel Bowser, "Mayoral Charge to HBX Board," January 10, 2018, from: https://hbx.dc.gov/sites/default/files/dc/sites/hbx/event_content/attachments/Mayoral%20Charge%20to%20HBX%20Board%20%28003%29.pdf.

³ DC Health Benefit Exchange Authority, "Resolution: Executive Board of the District of Columbia Health Benefit Exchange Authority," February 21, 2018, from: https://hbx.dc.gov/sites/default/files/dc/sites/hbx/event_content/attachments/Approved%20Resolution%20-%20Individual%20Responsibility%20Requirement.pdf