

Testimony of Washington State Insurance Commissioner, Mike Kreidler

**Before the House Ways and Means Committee
Subcommittee on Oversight**

**June 24, 2015
10:00 AM**

Good morning Chairman Roskam, Ranking Member Lewis, and members of the Subcommittee.

Thank you for the opportunity to testify today about the Affordable Care Act and its impact on health insurance premiums.

My name is Mike Kreidler, and I am the statewide-elected Insurance Commissioner for the state of Washington, the longest-serving insurance commissioner in the country, and a former member of Congress. I am testifying today on behalf of the people of Washington state.

I've spent most of my career in the health care field – either as a provider, elected policymaker or health administrator.

I have worked to reform our health care system for many years. Now, as insurance commissioner for the state of Washington, I am on the front lines.

Washington state's health insurance market before the Affordable Care Act

In my 14 years as insurance commissioner, I've heard hundreds of personal stories from consumers who struggled to either find or afford health insurance – too many to share with you today. But I'd like to tell you about one woman from Kent, Washington, who contacted my office just before the Affordable Care Act took effect.

She purchased an individual health plan before she got pregnant and knew the plan had a 9-month waiting period. She was set to deliver at the end of July, but had an emergency C-section early in the month. Her delivery was denied because her carrier considered it a pre-existing condition. We contacted the company and it agreed to cover some of the charges, but she was left with large medical bills, despite trying to do the right thing.

At the end of 2013, before the Affordable Care Act took effect, Washington state had almost a million uninsured people. That's 14 percent of our state's population.

We also had a pretty robust individual health insurance market with 11 carriers participating, but consumers wanted more choices.

We did a good job of reviewing rates and were deemed by the federal government to be an effective rate review state, but the individual market still experienced double-digit rate increases in the years leading up to the Affordable Care Act.

Most individual health plans in our state did not cover maternity or prescription drugs – two vital services for most families.

It was clear to me that without significant health reform, our current health care system was not sustainable. Medical costs would continue to rise and more people would become uninsured.

The landscape after the Affordable Care Act

Today, I'm happy to report that our state's uninsured rate is at 8.5 percent – representing a drop of almost 40 percent since the Affordable Care Act took effect and the lowest rate we've seen since at least 1987.

People have access to meaningful coverage that provides critical services when and if they need them.

We have not seen premiums soar. In fact, we're experiencing record low rate requests, and in most cases, approving even lower rates.

Many people are getting help with their health care costs. In fact, 78 percent of people enrolled in our Exchange receive a subsidy to help pay for their coverage. The average premium for a non-subsidized plan is \$384.19 and \$174.38 with a subsidy.

This year, insurers in the individual market have requested a record low average rate change of 5.4 percent. And 3 percent of this request is for an assessment to pay for our Health Benefit Exchange, which will likely be lower once our state Legislature approves our biennial budget.

Before health reform took effect we had 11 health insurers in our individual market. Today, 17 companies have filed more than 240 plans for sale starting Jan. 1, 2016. We are still reviewing these but it is clear that consumers will have additional choices.

Thorough rate review and predictability are keys to our success

Washington state made several early decisions that have helped our health insurance market thrive. Some of these were easier than others.

One easy decision was the expansion of Medicaid. Now, more than 530,000 adults have accessed coverage through our Washington Apple Health program.

This decision helped create a stable insurance market for our health insurers. So did two more controversial decisions I made as insurance commissioner.

One was deciding swiftly, despite what President Obama said, that canceled plans could not continue. To do so would have created two risk pools and seriously destabilized our health insurance market.

I also acted early to create standards for the narrow networks we were seeing from our insurers, especially in our Exchange market. We needed to do this to ensure that all of the insurers knew what was expected, that we had a level playing field, and most importantly, that consumers could access the services they had paid for.

I believe these decisions are among the reasons why our rates are lower than in recent memory, that the number of insurers in our individual market has jumped by more than 50 percent, and our uninsured rate continues to plummet.

The Affordable Care Act is working in Washington state, and I believe it's working for our country. Thank you.