
Government of the District of Columbia



Department of Insurance, Securities and Banking

Testimony of
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B18-173: Continuation of Health Coverage

Amendment Act of 2009

Committee on Public Services and Consumer Affairs
Muriel Bowser, Chairperson
Council of the District of Columbia

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John A. Wilson Building
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Good Morning Chairman Bowser, Members of the Committee on Public Services and Consumer Affairs, and Committee Staff. I am Philip Barlow, Associate Commissioner of the Department of Insurance, Securities and Banking (“Department” or “DISB”) speaking on behalf of Commissioner Thomas E. Hampton. Thank you for providing the Department with the opportunity to present testimony today on Bill 18-173: Continuation of Health Coverage Amendment Act of 2009.

The Department is responsible for regulating the activities of most of the financial services companies and individuals doing business in the District of Columbia, including health insurance companies and health maintenance organizations that provide health benefits to District residents and the producers who service the policies.

The Department supports the adoption of Bill 18-173, which allows eligible employees covered under the Continuation of Health Coverage Act of 2002 who involuntarily lose their jobs between September 1, 2008, and December 31, 2009 to maximize the benefits provided as part of the federal American Recovery and Reinvestment Act of 2009 (“ARRA”). The ARRA provides a subsidy of up to 65% of the cost of health insurance pursuant to the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) health benefit provisions. A COBRA eligible employee who has been involuntarily terminated between September 1, 2008, and December 31, 2009, and who earns less than \$145,000 if single or \$290,000 if filing jointly may receive this benefit for a maximum of 9 months. The ARRA also allows similar benefits for so-called mini-COBRA plans enacted by states to cover small group health plans. The District of Columbia Continuation of Health Coverage Act of 2002 meets the requirements for mini-COBRA plans and therefore this bill will

extend coverage for applicable employees to allow them to utilize the subsidy provided by the ARRA.

In early March 2009, the Department issued a press release and developed a “Fact Sheet” and “Frequently Asked Questions Guide” to provide information to DC residents on both the COBRA and mini-COBRA benefits of the ARRA. These documents focused most of their attention on health insurance policies covered by COBRA. A copy of the documents is attached to the testimony.

Recently, the Department has received several calls from involuntarily terminated employees and small employers who have questions about mini-COBRA coverage and the subsidies available in the ARRA. The Department is developing fact sheets for employees, employers and insurance producers to provide specific information for small group health insurance plans as they are less likely to have resources to determine the information independently. The fact sheets will include information about who is eligible, how to access the coverage and the subsidy, how the subsidy is paid and who to contact for questions or problems. Some questions asked by employees and employers or developed internally by the Department on the extent of coverage under this bill may require clarification and these are identified as follows:

- The ARRA provides the subsidy for up to 9 months. Under this bill, for people under the District of Columbia version of mini-COBRA coverage at the time of enactment, the subsidy would continue beyond the 9th month of coverage (e.g., for**

someone who had already had coverage for one month prior to the effective date of the subsidy, the subsidy would run through their 10th month of coverage). Is this interpretation correct?

- **The ARRA does not provide a subsidy for those people making over \$145,000 (\$290,000 for joint filers) in the year they would receive the subsidy. Under this bill, those people would not be eligible for any extension of coverage beyond the 3 months currently available. Is this interpretation correct?**
- **The ARRA allows employees who previously rejected coverage to have a 60-day window to elect coverage now that the subsidy makes coverage more affordable. Under this bill, the same benefit will apply for small groups in DC. Is this interpretation correct? Does the window still apply, if the original 3 month coverage period expires prior to election?**
- **Related to the previous question, employees who were involuntarily terminated in September 2008 and elected mini-COBRA coverage may have already exhausted their coverage prior to enactment of this law. Is there a “restart” provision for such people to allow them to get 9 months of subsidized coverage?**

The Department supports making benefits of the ARRA as widely available to DC residents as possible. As we develop more information for the public, we will include this information on the DISB website.

This concludes my testimony and I will be happy to answer any questions.