

**Testimony of Washington State Insurance Commissioner Mike Kreidler**

**Before the U.S. Senate Committee on  
Homeland Security and Governmental Affairs**

**September 15, 2016  
10:00 AM**

Good morning Chairman Johnson, Ranking Member Carper, and members of the committee.

Thank you for the opportunity to testify today about our individual health insurance market under the Affordable Care Act (ACA).

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, and have worked for years to reform our health care system.

For the last six years, I have been leading efforts to implement the Affordable Care Act in my state. It has not always been easy, but the benefits have been profound.

I remember clearly what our health insurance market looked like before reform.

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

We had more than \$2 billion in uncompensated care costs.

We were fortunate to have very good competition, with 11 health insurers participating in our individual market, but most of the plans did not cover maternity or prescription drugs – two vital services for most families.

It was clear to me then 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.

Today, our uninsured rate is down to 7.3 percent – representing a 50 percent drop since the Affordable Care Act took effect, and the lowest rate we've seen since at least 1987.

Our uncompensated care costs are down from \$2.3 billion to \$1.2 billion.

Seventy-eight percent of people enrolled through our state's exchange, Washington Healthplanfinder, receive a subsidy to help pay for their coverage.

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

This year, 13 health insurers filed 154 health plans for our 2017 individual market – both inside and outside of our Exchange, with an average requested rate increase of 13.5 percent.

Most of these plans and their rates are still under review, so we will not have a complete picture of our individual market until October.

Now, 13.5 percent is higher than we have seen in the last two years, but it is not unexpected nor is it higher than what we saw before passage of the ACA. Even with our aggressive rate review, double-digit rate requests were common, but so was being denied coverage when you needed it. And you could not find an individual health plan in our state that covered prescription drugs.

In 2014, when our Exchange opened, the insurers set their rates, making their best guess at who would sign up and what medical services they would need. They now have two years of experience, which is still very limited.

They also had to estimate the payments or credits they would either owe or receive from the federal risk adjustment program. Most of our insurers have had to revise their requests based on allotments from this program, announced by the Centers for Medicare and Medicaid Services in June of this year.

No one wants to see their premiums go up. I have been in this job for many years, and I understand the impact any increase has on individuals and families. The Affordable Care Act is doing what it was designed to do – helping people access health care. But if we want to bring premium relief to consumers and stabilize the

markets nationwide – if we are serious about reforming what is wrong with our health care system – we need to look beyond the Affordable Care Act. We need to get everyone covered and we need to do more to bring down the costs of health care.

Our first step must be stopping the skyrocketing costs of prescription drugs. Across the board – for every insurer in our individual market – prescription drug costs was the single biggest driver of medical trend. If we do not bring down drug costs, we will not lower premiums.

Every state should be required to expand Medicaid. Our decision to do so in Washington state has helped 595,000 adults get covered and is the key reason our uninsured rate has dropped to a record low.

We must get rid of non-conforming health plans that dilute the risk pool. If you do not have everyone covered, sharing the risk, you simply cannot bring down costs. States that opted to keep old legacy policies in place when President Obama said if you like your plan you can keep it, understand this firsthand.

The Affordable Care Act is working in Washington state because we took full advantage of the reforms it provided. I believe we will see premiums in our market stabilize as insurers gain more experience. But unless we as a country take on the tough challenges and start talking about how to really slow down the cost of health care and get everyone covered, we will not bring sustainable relief to all consumers.

Thank you.