



2014 APR 28 AM 9:14
OFFICE OF THE
SECRETARY

VINCENT C. GRAY
MAYOR

APR 28 2014

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, DC 20004

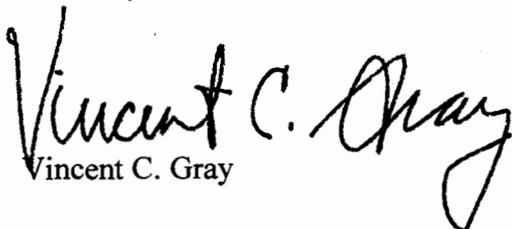
Dear Chairman Mendelson:

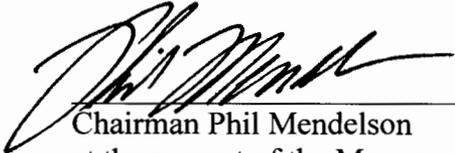
I am transmitting the enclosed bill entitled the "Health Benefit Exchange Authority Financial Sustainability Act of 2014" ("Bill"), and accompanying emergency and temporary versions, for consideration and enactment by the Council. The purpose of the Bill is to amend the Health Benefit Exchange Authority Establishment Act of 2011, effective March 2, 2012, D.C. Law 19-94, D.C. Official Code § 31-3171.01 *et seq.* (2012 Repl.), to clarify the authority of the Health Benefit Exchange Authority ("Authority") to fund its operations through a defined assessment.

Specifically, this Bill assures that the District's exchange marketplace will be financed by a broad-based assessment on all health insurance carriers doing business in the District. Such a broad-based assessment is necessary to provide a stable and guaranteed funding source for the Exchange marketplace. It is similar to the broad-based assessment that funds the operations of the Ombudsman program located within the Department of Health Care Finance.

Accordingly, I urge the Council to act favorably and expeditiously on the proposed Bill. In order to facilitate a timely response to any questions you may have, please have your staff contact Mary Beth Senkewicz, Associate General Counsel and Policy Advisor, DC Health Benefit Exchange Authority, at (202) 730-1638.

Sincerely,


Vincent C. Gray


Chairman Phil Mendelson
at the request of the Mayor

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6 A BILL
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11 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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15 To amend, on an emergency basis, the Health Benefit Exchange Authority Establishment
16 Act of 2011 to provide for the financial sustainability of the Health Benefit
17 Exchange Authority.
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20 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

21 That this act may be cited as the “Health Benefit Exchange Authority Financial
22 Sustainability Emergency Amendment Act of 2014”.

23 Sec. 2. The Health Benefit Exchange Authority Establishment Act of 2011,
24 effective March 2, 2012 (D.C. Law 19-94; D.C. Official Code § 31-3171.01 *et seq.*), is
25 amended as follows:

26 (a) Section 2 (D.C. Official Code § 31-3171.01) is amended as follows:

27 (1) New paragraph (3A) is added to read as follows:

28 “(3A) “Direct gross receipts” means all policy and membership fees and net
29 premium receipts or consideration received in a calendar year on all health insurance
30 carrier risks originating in or from the District of Columbia.”.

31 (2) New paragraph (8C) is added to read as follows:

1 “(8C) “Net premium receipts or consideration received” means gross premiums or
2 consideration received less the sum of premiums received for reinsurance assumed and
3 premiums or consideration returned on policies or contracts canceled or not taken.”.

4 (b) Section 4 (D.C. Official Code § 31-3171.03) is amended by adding a new
5 subsection (f) to read as follows:

6 “(f)(1) The Authority shall annually assess, through a “Notice of Assessment,”
7 each health carrier doing business in the District with direct gross receipts of \$50,000 or
8 greater in the preceding calendar year an amount based on a percentage of its direct gross
9 receipts for the preceding calendar year. These assessments shall be deposited in the
10 Fund.

11 “(2) The Authority shall adjust the assessment rate in each assessable year.
12 The amount assessed shall not exceed reasonable projections regarding the amount
13 necessary to support the operations of the Authority.

14 “(3) Each health carrier shall pay to the Authority the amount stated in the
15 Notice of Assessment within 30 business days of receipt of the Notice of Assessment.

16 “(4) Any failure to pay the assessment shall subject the health carrier to
17 section 5 of the Insurance Regulatory Trust Fund Act of 1993, effective October 21, 1993
18 (D.C. Law 10-40; D,C, Official Code § 31-1204).”.

19 Sec. 3. Fiscal impact statement.

20 The Council adopts the fiscal impact statement of the Chief Financial Officer as
21 the fiscal impact statement required by section 602(c)(3) of the District of Columbia
22 Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
23 206.02(c)(3)).

1 Sec. 4. Effective date.

2 This act shall take effect following approval by the Mayor (or in the event of veto
3 by the Mayor, action by the Council to override the veto), and shall remain in effect for
4 no longer than 90 days, as provided for emergency acts of the Council of the District of
5 Columbia in section 412(a) of the District of Columbia Home Rule Act, approved
6 December 24, 1973 (87 Stat. 788; D.C. Code § 1-204.12(a)).