

**Testimony of Washington State Insurance Commissioner, Mike Kreidler  
On H.R. 1624 – Protecting Affordable Coverage for Employees**

**Before the U.S. House Energy and Commerce Committee  
Subcommittee on Health**

**September 9, 2015  
10:15 AM**

Good morning Chairman Pitts, Ranking Member Green, and members of the Subcommittee.

Thank you for the opportunity to testify today about the small employer market in Washington state and the impact H.R. 1624 would have on our market and consumers.

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 – serving on this subcommittee from 1993-1994. 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.

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

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 of uninsured we have seen since 1987.

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

**We've also seen steady improvements in our small employer market.**

Our enrollment is increasing, more companies are entering the market and rate increases are going down.

In 2012, we had eight insurers in our small group market. Today we have 12.

At end of 2013, our small group enrollment was at 108,000 and today it's grown to more than 125,000 people.

This year, most of the health insurers in our small group market have requested rate *decreases*, including an *average rate decrease of 13.8%* from our largest insurer in this market, Regence Blue Shield.

The decreases are based, in large part, on the anticipation that the group size would expand to 100 and carriers would see better risks join the market.

To make a change at this late date would create substantial upheaval to our market.

Insurers would have to re-file their plans and there simply is not time to do this before Jan. 1, 2016. Doing so *after* the plans took effect would create chaos for our brokers and our small business community would most likely see rates go up.

Consumers who have been promised better benefits would lose access to the essential health benefits guaranteed under the Affordable Care Act and older enrollees would not be protected from rating disparities.

I understand that my state of Washington may be further along in implementing many of the reforms than other states, and that our experience may be different from others.

But I know we all share the common goal of improving the health insurance market for small businesses.

For too long, the small group market has been in a death spiral. Our market had the added complexity of a large association health plan market that attracted the healthier, better risks and we have paid a price for that market instability. However, we are beginning to see real improvements.

Increased competition, lower rates and growing enrollment are signs that market reforms can work. We are leveling the playing field for small businesses that want to

compete with larger employers for valuable employees. We are stabilizing rates for everyone and we are guaranteeing better coverage.

The proponents of HR 1624 predict that unless this bill passes, rates will rise and more businesses will self-insure or drop health coverage altogether. I disagree. By bringing in better risk to the small employer market we will see rates stabilize – as we’re seeing now. Nearly 70 percent of our small businesses in Washington state have 1-50 employees and will benefit from bringing in the larger employers.

Our small businesses also want to do what’s right by their employees and offer them meaningful, affordable coverage. The small employer market has been volatile, but we’re making real progress.

The Affordable Care Act gave states flexibility to implement these market reforms, and I understand that some states may need more time, but this bill is not the solution. It puts the burden back on states to implement a change that is already in motion and would do significant harm to a market that is just starting to improve.

The Affordable Care Act is working and we are beginning to see real improvements for small employers. A change in course at this late date would undermine our progress and significantly disrupt our market.

Thank you.