

July 14, 2016

Stephen Taylor, Commissioner
Department of Insurance, Securities, and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

Dear Commissioner Taylor,

Thank you for the opportunity to submit written comments concerning the plan that DISB is developing for the reinvestment of \$56 million in excess surplus held by Group Hospitalization and Medical Services, Inc. ("GHMSI"). I was quite pleased to see DISB's decision to create a plan for these funds as allowed by District law. As you move forward in crafting this plan, I ask you to consider these comments.

First, I was dismayed to learn from your June 14 order that you have not required GHMSI to freeze its rates for twelve months as contemplated by District law. As the author of the Medical Insurance Empowerment Amendment Act (MIEAA), the Council intended for a rate freeze to be mandatory upon the failure of GHMSI to submit a reinvestment plan or upon submission of an insufficient plan. The rate freeze is intended to ensure compliance with the plan submission requirements of MIEAA and should serve as a penalty for noncompliance. Subscribers are entitled to a remedy in the form of a rate freeze for GHMSI's years of delay. I request that DISB reconsider this decision.

Second, it has come to my attention that there are non-profit foundations that have offered to administer the reinvestment of funds. Provided that DISB establishes strong procedures and guidelines, and maintains vigorous oversight of a selected foundation, this is an approach that I support. Foundations, which have experience in the investment of funds in a manner similar to what District law contemplates for these funds, may very well be in the best position to provide the necessary accountability and transparency that an investment of this magnitude requires. I believe it is equally important that the Council's Committee on Business, Consumer, and Regulatory Affairs, as well as the Committee on Health and Human Services, provide necessary oversight.

Finally, although DISB has wide latitude under MIEAA for the reinvestment of funds, I urge you to seriously consider all of the comments submitted on this point, and to pay particular attention to those organizations or District agencies with specific expertise in addressing the most-pressing healthcare needs of District residents. In my view, funds should be invested in programs and organizations that use evidence-based practices and have demonstrated results in improving public health. Such healthcare needs may include reducing teen pregnancy, fighting obesity, smoking cessation programs, or treating behavioral health or substance abuse.

I commend you for all your work to date, and I look forward to working with you in the future on these matters.

Regards,

Mary M. Cheh