

May 9, 2017
Stephen C. Taylor
Commissioner
D.C. Department of Insurance, Securities and Banking
810 First Street NE
Suite 701
Washington, D.C. 20002

Dear Commissioner Taylor,

As organizations dedicated to improving the health and wellbeing of all DC residents, we have come together in response to the Department of Insurance, Securities and Banking (DISB) April 19, 2017 request for public comment on the proposed consent order for Group Hospitalization and Medical Services Inc. (GHMSI). We thank you for your leadership in moving this important issue forward.

We are a coalition of 5 stakeholder organizations brought together by common concerns around the health of DC residents, and we are pleased GHMSI recognizes its obligation to reinvest in community health care needs through its 2011 excess surplus.

While each organization has unique interests and priorities, we all believe that GHMSI's excess surplus must be used to promote and safeguard the public health, as called for in the Medical Insurance Empowerment Act of 2008. In short, the excess surplus represents an opportunity to invest much-needed dollars into community health programs and services. However, we share concern that the proposed consent order falls short of this for the following reasons:

- **The proposed consent order does not bring all stakeholders to the table.** The order is premised on the idea that it is a fair and effective way to end the surplus review and determination proceeding. However, the consent order was not developed with any community input. In particular, DC Appleseed, an organization that has been representing the public interest in this case since the beginning, has not been included in discussions, leaving out a critical voice. It is our understanding that DC Appleseed is prepared to appeal the proposed consent order if it is approved, meaning it would not achieve its purpose of ending the proceeding. A truly fair settlement that protects the public interest and brings this case to a conclusion will only be possible if the community's representative, DC Appleseed, is able to participate meaningfully in reaching that settlement.
- **The proposed consent order provides no explanation of how it will ensure that the spending on community reinvestment will in fact reduce excess**

surplus. There is no indication that the funding under the proposed consent order would supplement GHMSI's annual spending out of operating expenses to meet its community reinvestment obligation. Indeed, the consent order could allow GHMSI to use the new spending as a replacement for community reinvestment spending, and not as a reduction of its excess surplus. Considering that those expenses currently total several million dollars, this would mean that the net value of the proposed settlement would be far less than \$7.5 million per year, and far less than \$60 million (in net present value) over the full 10 years.

While we are pleased that DISB is considering settling the case, we remain concerned that the proposed consent order falls short of the financial and community obligations owed to District residents. The excess surplus could have an enormous impact in the local community, and we urge you to reject any proposed consent order that does not include community input or is not a spend-down of the excess surplus in addition to GHMSI's community reinvestment obligations.

We thank you for your consideration and would welcome an opportunity to discuss it further.

Sincerely,

DC Fiscal Policy Institute
Family Voices of the District of Columbia Inc.
Greater Washington Society for Clinical Social Work
Health Care Now – DC
Miriam's Kitchen

cc: Chairman Phil Mendelson
Councilmember Anita Bonds
Councilmember David Grosso
Councilmember Elissa Silverman
Councilmember Robert White, Jr.
Councilmember Brianne Nadeau
Councilmember Jack Evans
Councilmember Brandon Todd
Councilmember Kenyan McDuffie
Councilmember Charles Allen
Councilmember Vincent Gray
Councilmember Trayon White, Sr.