

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Insurance, Securities and Banking



Hearing on
B24-0305, the “Professional Employer Organization
Registration Act of 2021”

Written Testimony of

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Commissioner
Department of Insurance, Securities and Banking

Before the

Committee on Health
Councilmember Vincent Gray, Chairperson
Council of the District of Columbia

March 7, 2022
10:00 am

Via Virtual Meeting Platform

Chairperson Gray, the Department of Insurance, Securities, and Banking (DISB) is pleased to provide written remarks regarding Bill 24-0305, the Professional Employer Organization Registration Act of 2021.

DISB regulates insurance, securities, banking, and other financial services in the District of Columbia. Our mission is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing to District small businesses.

B24-0305 would require professional employer organizations (PEOs) to register with DISB so the Commissioner can monitor their provision of health insurance for covered employees. DISB will ensure PEOs provide comprehensive health insurance coverage and appropriate consumer protections for covered employees. DISB will also have the authority to collect registration fees, impose fines, and suspend and revoke certificates of registration. Additionally, the legislation allows DISB to share information with the Department of Employment Services.

In order to ensure DISB has sufficient regulatory authority over health insurance plans sold in the District, we suggest adding the following language to Section 4:

(a) A PEO providing health insurance coverage in the District shall only offer health benefit plans issued by insurers, hospital, and medical services corporations, health maintenance organizations entities licensed in the District, and that use forms and rates approved by the Commissioner.

Adding this proposed language will ensure DISB has reviewed and approved health benefit plans sold to covered employees of the PEOs operating in the District and will allow the Department to ensure that both an appropriate level of benefits is provided and proper consumer protections are in place. Without this language, PEOs could offer group policies regulated outside the District where benefit requirements and consumer protections may not be as strong.

DISB has reviewed the requirements for PEO registration and can implement the registration with existing resources and staff.

Thank you for the opportunity to provide written remarks regarding B24-0305. I look forward to working with the Committee as this bill advances.