

STATEMENT OF

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ON

THE AFFORDABLE CARE ACT

BEFORE THE

U. S. HOUSE COMMITTEE ON OVERSIGHT & GOVERNMENT REFORM

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House Committee on Oversight & Government Reform
The Affordable Care Act
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Good morning, Chairman Issa, Ranking Member Cummings, and members of the Committee. I appreciate the opportunity to update you on the Centers for Medicare & Medicaid Services (CMS') continuing work to implement the Affordable Care Act and provide consumers with affordable access to high quality health coverage. The second Health Insurance Marketplace Open Enrollment period is underway, and CMS is continuing our focus on providing consumers with more coverage options, affordable rates, and a secure, consumer friendly online Marketplace. CMS remains committed to having the Marketplace continue to adhere to the stringent privacy and security protocols necessary to protect consumers' personally-identifiable information (PII).

As you know, in my previous appearance before your Committee, I reported that 7.3 million Americans were enrolled in Marketplace coverage and had paid their premiums as of August 15, 2014. This number represented effectuated enrollments in both medical and dental plans, rather than the number of individuals enrolled.

Simply put, this was a mistake. While there were 7.3 million effectuated enrollments, approximately 393,000 individuals had both Marketplace medical and dental coverage as of August 15, 2014. As a result, these individuals were inadvertently counted twice in the individual effectuated enrollment numbers. The number of individuals enrolled in medical coverage plans was approximately 6.9 million as of August 15, 2014. Moving forward, only individuals with medical coverage will be included in our individual effectuated enrollment numbers.

We are taking steps to enhance our processes used to generate and validate CMS' data before it is released. To help drive some of these changes, CMS is using the Office of Enterprise Data and Analytics (OEDA), which was recently created. OEDA will help CMS strengthen its

processes and, more broadly, better harness its vast data resources to guide decision-making and develop frameworks for promoting appropriate external access to and use of data to drive higher quality, patient-centered care at a lower cost.

In addition, we are providing weekly snapshots of preliminary data that includes an analysis of those who have selected a plan, submitted an application, reached out to the Marketplace call center or visited HealthCare.gov or CuidadoDeSalud.gov to shop or learn more about their health coverage options.

While this mistake was regrettable, it shouldn't obscure the fact that the Affordable Care Act is working. We have seen a dramatic decrease in the number of uninsured Americans and exceptionally low growth across a wide variety of measures of health care costs. The second Marketplace Open Enrollment period is off to a promising start, and we will continue to look for ways to improve the consumer experience and provide high-quality affordable health coverage to Americans.

Security Remains a Top Priority

Throughout our planning and preparation for the second Open Enrollment period, CMS has made the security of the Marketplace and the Information Technology (IT) systems that support it a top priority. We remain committed to stringent privacy and security protocols to protect consumers' personally identifiable information; consumers can use the Marketplace with the confidence that their personal information is secure.

CMS developed the Marketplace systems consistent with Federal statutes, guidelines, and industry standards that help to ensure the security, privacy, and integrity of the systems and the data that flow through them. Each and every day, U.S. businesses face a myriad of cyber threats, and government IT systems are no different. There are inherent risks for every IT system, and while no website is immune from attempted attacks, CMS will continue to maintain and strengthen the security of HealthCare.gov throughout its second Open Enrollment period.

CMS has implemented measures to protect PII, including penetration testing, which happens on an ongoing basis using industry best practices to appropriately safeguard consumers' personal information. As part of the ongoing testing process, and in line with Federal and industry standards, any open risk findings are appropriately addressed with risk mitigation strategies and compensating controls. The security of the system is also monitored by sensors and other tools to deter and prevent unauthorized access. CMS conducts continuous monitoring using a 24/7, multi-layer IT professional security team, added penetration testing, and ongoing testing and mitigation strategies implemented in real time. These layered controls help protect the privacy and security of PII related to the Federally-facilitated Marketplace.

CMS continues to test security functionality through quarterly Security Control Assessments (SCAs) which exceeds the industry standard. In addition to daily operational security testing, we conducted another comprehensive end-to-end Security Control Assessment that meets Federal and industry standards before the start of the second Open Enrollment period. CMS resolved the 22 technical recommendations in the September 16th GAO report, "HealthCare.gov: Actions Needed to Address Weaknesses in Information Security and Privacy Controls."¹

The Affordable Care Act is Working

The Affordable Care Act is working: millions of Americans who were previously uninsured now have access to affordable, high-quality health care. The number of uninsured nonelderly adults (ages 18 to 64) in the United States has decreased by nearly 26 percent since 2012 and 2013.² Recent years have seen historically low growth in overall health spending, and a variety of data show that slow growth in health care costs is continuing.^{3,4} Medicare spending rose just 2.8 percent in FY 2014, similar to or smaller than estimated enrollment growth in 2014.⁵ Similar trends are playing out in the employer-based insurance market: according to the Kaiser Family

¹ <http://www.gao.gov/assets/670/665840.pdf>

² http://aspe.hhs.gov/health/reports/2014/InsuranceEstimates/ib_InsuranceEstimates.pdf

³ <http://www.whitehouse.gov/blog/2014/12/03/historically-slow-growth-health-spending-continued-2013-and-data-show-underlying-slo>

⁴ http://aspe.hhs.gov/health/reports/2014/MedicareCost/ib_medicost.pdf

⁵ <https://www.cbo.gov/sites/default/files/cbofiles/attachments/49759-MBR.pdf>

Foundation, the average premium for employer-based family coverage rose just three percent in 2014, tied for the smallest increase since the survey began in 1999.⁶ Slow growth in underlying per capita costs has helped drive exceptionally low growth in aggregate national health expenditures in recent years: national health care expenditures grew just 3.6 percent in 2013 and has been below 4.1 percent for five consecutive years, the slowest rates since recordkeeping began in 1960.⁷ While the recent slow cost growth has multiple causes, reforms to the Medicare and Medicaid programs are meaningful contributors to these gains, and are improving quality as well. For example, preliminary estimates show indicate that hospital acquired infections fell by 17 percent from 2010 to 2013, resulting in an estimated 50,000 fewer patient deaths and \$12 billion in cost savings.

An Improved Consumer Experience and Expanded Coverage Options

Evidence suggests that in the first year of Open Enrollment, consumers found coverage that fit their budgets, with nearly seven out of ten people who selected a plan through the Marketplace during the initial enrollment period finding coverage for less than \$100 per month with tax credits.⁸ As we have moved into the second Open Enrollment, we are seeing stability in terms of price and increases in the number of choices consumers have. In fact, because of new choices and more competition in the Health Insurance Marketplace, many consumers are able to shop around to find even more affordable options during Open Enrollment this year. With 25 percent more issuers participating in the Marketplace in 2015, more than 90 percent of consumers are able to choose from three or more issuers – up from 74 percent in 2014. Consumers can choose from an average of 40 health plans for 2015 coverage—up from 30 in 2014, based on data at the county level. In terms of premium costs, 2015 premiums for the benchmark (second-lowest cost) silver plan will increase modestly, by two percent on average this year before tax credits, while premiums for the lowest cost silver plans will increase on average by five percent.⁹ This is consistent with findings from independent analyses.^{10,11,12} Additionally, for current enrollees who

⁶ <http://kff.org/health-costs/press-release/employer-sponsored-family-health-premiums-rise-3-percent-in-2014/>

⁷ <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html>

⁸ <http://aspe.hhs.gov/HEALTH/REPORTS/2014/PREMIUMS/2014MKTPLACEPREMBRF.PDF>

⁹ <http://aspe.hhs.gov/health/reports/2015/premiumReport/healthPremium2015.pdf>

¹⁰ <http://kff.org/health-reform/issue-brief/analysis-of-2015-premium-changes-in-the-affordable-care-acts-health-insurance-marketplaces/>

are returning to the Marketplace, it pays to shop. Sixty-five percent of current Marketplace enrollees can get coverage within their same metal level for less than \$100 after tax credits.¹³

We are building on the successes and the lessons learned from the first Marketplace Open Enrollment to improve the consumer experience. The shopping and enrollment process is simpler, faster, and more intuitive for consumers. People can view plans available in their area without logging in or filling out an application. With a new streamlined application for most new consumers, we've reduced the number of screens from 76 to 16, with fewer clicks to navigate through the questions for most consumers. Consumers can shop and enroll in the way that best meets their needs: on a smartphone, tablet or computer; by calling the call center; or with local, in-person assistance that includes agents and brokers. The Federally-facilitated Small Business Health Options Program (FF-SHOP) Marketplace now allows qualifying employers to find, compare, purchase, and enroll in 2015 SHOP medical and dental coverage entirely online through HealthCare.gov. Employees are able to view offers of insurance from their employer and enroll online through HealthCare.gov.

An important part of this year's Open Enrollment period, which runs until February 15, 2015, is helping those who obtained coverage during the first Open Enrollment period to re-enroll in a plan that will provide them with health insurance coverage beginning January 1, 2015. For assistance with this process, consumers should visit HealthCare.gov, or contact the call center or other local help to review and compare health plan options. Every year insurance companies make changes to premiums, cost-sharing and benefits, and with more choices available, the vast majority of consumers will be able to find a more affordable option. They might also find a plan that offers more services, or includes more doctors. All consumers shopping for health insurance coverage for 2015— even those who currently have coverage through the Marketplace — should enroll or re-enroll by December 15 in order to have coverage effective on January 1, 2015. Generally, if consumers do nothing, they will be auto-enrolled (for coverage effective

¹¹ <http://avalere.com/expertise/life-sciences/insights/avalere-analysis-2015-exchange-premium-file>

¹² <http://www.nytimes.com/2014/11/15/upshot/why-shopping-is-so-important-in-health-enrollment.html>

¹³ <http://aspe.hhs.gov/health/reports/2015/premiumReport/healthPremium2015.pdf>

January 1, 2015) in the same plan with the same advanced premium tax credit and other financial assistance as the 2014 plan year.¹⁴

We have also seen progress in those states that are operating their own Marketplace (State-Based Marketplaces). For example, as of Tuesday, November 18, after only four days of enrollment, 35,877 consumers were determined eligible for coverage and 11,357 selected a plan through Covered California, California's Marketplace.¹⁵ Covered California has added more than 200 storefront locations that are open on evenings and weekends to give consumers who work full time a place they can visit and return to enroll or get questions answered. Additionally, Covered California has partnered with more than 12,000 Certified Insurance Agents, 10,000 county eligibility workers and more than 6,000 Certified Enrollment Counselors to help enroll consumers.

Kentucky's Marketplace – kynect – has seen strong consumer interest. During the first week of the second Open Enrollment period, nearly 27,000 calls were handled by their contact center; 4,180 new accounts were created; and over 6,400 applications were submitted. To better meet the needs of consumers, the state opened a retail store at a shopping mall in Lexington, and in the first week over 1,800 individuals visited the store and 500 completed applications. An additional improvement was the creation of a mobile application to give consumers a preliminary estimate and guide them to enrollment help or to an enrollment event in their area; in the first week over 1,900 people had downloaded the app. By the end of the first week, more than 4,100 Kentuckians had newly enrolled or renewed their enrollment in a qualified health plan.¹⁶

More work remains to reach out to those who are not yet covered, to educate them about the benefits of health insurance and assist them in signing up for plans that fit their needs and budget. One of the lessons we learned over the past year was that one of the most effective ways to get people enrolled is through in-person help in their own communities. In a survey of Marketplace assister programs, including Navigators, in-person assisters, certified application

¹⁴ <https://www.healthcare.gov/keep-or-change-plan/automatically-enrolled/>

¹⁵ <http://news.coveredca.com/2014/11/open-enrollment-off-to-strong-start.html>

¹⁶ <http://kentucky.gov/Pages/Activity-Stream.aspx?viewMode=ViewDetailInNewPage&eventID={773F649B-85FD-43C8-A95D-EADF998179C2}&activityType=PressRelease>

counselors, and others, Kaiser Family Foundation found that assister programs helped an estimated 10.6 million people during the first open enrollment period.¹⁷ We've put a priority on encouraging more organizations to sign up to be Certified Application Counselors and recruiting more local leaders to be in-person assisters. We will also continue working with agents and brokers as they utilize their experience and existing relationships with consumers and small businesses to assist them in enrolling in coverage.

Expanding Coverage Through Medicaid

CMS is committed to working to expand the Medicaid program in a way that works for each state and its residents, as well as the Federal government. To date, 27 states and the District of Columbia have expanded Medicaid and we have approved program flexibilities in a number of states. At the same time, since the beginning of last year's Open Enrollment period, about 9.1 million additional individuals have enrolled in Medicaid and CHIP.¹⁸ A recent study by the Gallup Organization showed that the states that expanded Medicaid have seen a larger decrease in the number of uninsured than states that did not expand Medicaid.¹⁹ Research has shown that states that have expanded their Medicaid programs have also seen greater reductions in hospital uncompensated care than those that chose not to expand.²⁰ We are eager to continue to work with states still considering the expansion to reduce their uninsured populations and provide more Americans the security of having health coverage.

Conclusion

The Affordable Care Act is delivering on the promise of access to high quality, affordable health care coverage, while controlling the growth of health care costs. CMS has used the lessons learned from the problems we encountered during the first Open Enrollment period to improve our processes and management, resulting in an improved consumer experience. We plan to do the same from the mistake with our effectuated enrollment data: we will learn from our error

¹⁷ <http://kff.org/health-reform/report/survey-of-health-insurance-marketplace-assister-programs/>

¹⁸ <http://www.medicaid.gov/medicaid-chip-program-information/program-information/medicaid-and-chip-september-2014-application-eligibility-and-enrollment-report.pdf>

¹⁹ <http://www.gallup.com/poll/174290/arkansas-kentucky-report-sharpest-drops-uninsured-rate.aspx>

²⁰ http://aspe.hhs.gov/health/reports/2014/uncompensatedcare/ib_uncompensatedcare.pdf

and improve our processes going forward to ensure that we are providing the American people with the most accurate information possible.

The transition to a reformed health insurance market will take sustained effort, persistence, and focus from all stakeholders. CMS is committed to continuing to deliver on the promise of the Affordable Care Act and improving health care access, cost, and quality for all Americans. I thank you for the opportunity to update you on our efforts, and look forward to answering any questions you may have.

Marilyn Tavenner is currently the Administrator for the Centers for Medicare & Medicaid Services. Previously, Ms. Tavenner was Principal Deputy Administrator for the Centers for Medicare & Medicaid Services (CMS). As the Principal Deputy Administrator, Ms. Tavenner served as the agency's second-ranking official overseeing policy development and implementation as well as management and operations.

Prior to assuming her CMS leadership role, Ms. Tavenner served for four years as the Commonwealth of Virginia's Secretary of Health and Human Resources in the administration of former Governor Tim Kaine. In this top cabinet position, she was charged with overseeing 18,000 employees and a \$9 billion annual budget to administer Medicaid, mental health, social services, public health, aging, disabilities agencies, and children's services.

Before entering government service, Ms. Tavenner spent 25 years working for the Hospital Corporation of American (HCA). She began working as a nurse at the Johnson-Willis Hospital in Richmond, Va., in 1981 and steadily rose through the company. By 1993, she began working as the hospital's Chief Executive Officer and, by 2001, had assumed responsibility for 20 hospitals as President of the company's Central Atlantic Division. She finished her service to HCA in 2005 as Group President of Outpatient Services, where she spearheaded the development of a national strategy for freestanding outpatient services, including physician recruitment and real estate development.

Ms. Tavenner holds a bachelor's of science degree in nursing and a master's degree in health administration, both from the Virginia Commonwealth University.

She has worked with many community and professional organizations, serving as a board member of the American Hospital Association, as president of the Virginia Hospital Association, as chairperson of the Chesterfield Business Council, and as a life-long member of the Rotary Club. Her contributions also include providing leadership in such public service organizations as the March of Dimes, the United Way and the Juvenile Diabetes Research Foundation. In addition to numerous business awards, Ms. Tavenner has been recognized for her volunteer activities, including the 2007 recipient of the March of Dimes Citizen of the Year Award.