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4 THE CENTER FOR CONSUMER INFORMATION AND INSURANCE OVERSIGHT

5 AND THE IMPLEMENTATION OF THE PATIENT PROTECTION AND

6 AFFORDABLE CARE ACT

7 WEDNESDAY, APRIL 24, 2013

8 House of Representatives,

9 Subcommittee on Oversight and Investigations

10 Committee on Energy and Commerce

11 Washington, D.C.

12 The Subcommittee met, pursuant to call, at 10:00 a.m.,

13 in Room 2123 of the Rayburn House Office Building, Hon. Tim

14 Murphy [Chairman of the Subcommittee] presiding.

15 Members present: Representatives Murphy, Burgess,

16 Blackburn, Scalise, Harper, Olson, Gardner, Griffith,

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17 Johnson, Long, Ellmers, Upton (ex officio), DeGette, Braley,
18 Lujan, Schakowsky, Butterfield, Castor, Tonko, Green, and
19 Waxman (ex officio).

20 Staff present: Mike Bloomquist, General Counsel; Sean
21 Bonyun, Communications Director; Matt Bravo, Professional
22 Staff Member; Karen Christian, Chief Counsel, Oversight; Andy
23 Duberstein, Deputy Press Secretary; Brad Grantz, Policy
24 Coordinator, O&I; Sydne Harwick, Legislative Clerk; Brittany
25 Havens, Legislative Clerk; Sean Hayes, Counsel, O&I; Robert
26 Horne, Professional Staff Member, Health; Alexa Marrero,
27 Deputy Staff Director; Andrew Powaleny, Deputy Press
28 Secretary; Brian Cohen, Democratic Staff Director, Oversight
29 & Investigations, and Senior Policy Advisor; Karen Nelson,
30 Democratic Deputy Committee Staff Director for Health;
31 Stephen Salsbury, Democratic Special Assistant; and Matt
32 Siegler, Democratic Counsel.

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|
33 Mr. {Murphy.} Good morning. I convene this hearing of
34 the Subcommittee on Oversight and Investigations to examine
35 the Department of Health and Human Services' management of
36 the Affordable Care Act as we approach the January 1, 2014,
37 deadline for full implementation.

38 Mr. Gary Cohen, Deputy Administrator and Director of the
39 Center for Consumer Information and Insurance Oversight, or
40 CCIIO--by the way, it is known as CCIIO--is here to testify
41 on behalf of HHS. Good morning.

42 CCIIO was responsible for implementing the Patient
43 Protection and Affordable Care Act's many changes to the
44 private health insurance market. Mr. Cohen and those at
45 CCIIO certainly have their work cut out for them. At the
46 beginning of the next year, full implementation of the PPACA
47 will finally take place. And on that day, Americans have
48 been promised the ability to purchase health insurance plans
49 through new exchanges. The American people have been
50 promised good coverage that is also affordable.

51 We all remember the many promises that were made in the
52 rush to pass the bill by any means necessary, that if you

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53 liked your coverage, you could keep it. Yet, we see many
54 stories about impending doctor shortages and companies faced
55 with tough decisions on whether to continue providing
56 coverage. The decision of whether to provide that coverage
57 is related to another promise that will surely be broken--
58 that the law will lower costs. One large health insurance
59 company's CEO has already noted that American should get
60 ready for premium rate shock. A school district in my
61 district has said that they are going to see their premiums
62 go up by something like \$1 million in cost.

63 Yet, there is yet another promise that we are hearing
64 more recently from the law's defenders: that the health
65 insurance exchange will be ready for enrollment on October 1
66 and full implementation on January 1. Since only 18 States
67 elected to establish their own exchanges, CCIIO is currently
68 preparing the federally facilitated exchanges that will cover
69 26 additional States, along with the partnership exchanges
70 CCIIO will operate with 7 other States. I hope we will be
71 able to hear today about the progress being made in building
72 those exchanges.

73 Recent news reports have indicated--and even President

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74 Obama's budget has confirmed--that the Administration is
75 seeking additional funding to operate the exchanges. This is
76 troubling considering that a substantial amount of funding
77 has already been expended building those exchanges and they
78 have yet to even begin.

79 Today, I expect the witnesses to provide a full
80 accounting of where CCIIO stands with regard to building the
81 federally operated exchanges and those that will be run in
82 partnership with States, including where CCIIO is obtaining
83 funding for these programs and will they ask for more.

84 Since passage of PPACA this committee has had many
85 questions about the funding being used to implement the law.
86 Most recently, we have heard many stories about the
87 healthcare law's Prevention and Public Health Fund. Most
88 notably, that money from this fund is being utilized to hire
89 thousands of healthcare navigators who will assist the public
90 in signing up for ObamaCare.

91 Considering that we have also heard that funding from
92 the Prevention Fund is being used on many different projects,
93 we are concerned that it is being rated as an ever-ready
94 piggy bank, or slush fund, to throw money at and hide the

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95 many problems inherent with implementing ObamaCare. I hope
96 that Mr. Cohen will be able to address the potential
97 overutilization that has become so common that the Washington
98 Post has dubbed it ``the incredible shrinking Prevention
99 Fund.''

100 We have many concerns about those navigators, including
101 how they will be trained and supervised. CCIIO is actively
102 soliciting navigators from the community and consumer groups,
103 yet those that receive any compensation from insurance
104 companies are prohibited from becoming navigators. We
105 recognize the need to have impartial navigators, but the
106 realities of the insurance market also indicate that those
107 who have been selling insurance for many years may have some
108 expertise of value.

109 Furthermore, we have questions about what standards will
110 be put into place to ensure that we are not simply paying
111 groups chosen to be navigators to pad their membership rolls
112 or funding drives. In other words, someone with experience
113 and training is not qualified and is excluded, whereas
114 someone without any experience stands in front of the line
115 for hiring.

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116 But this only scratches the surface of many activities
117 and responsibilities of CCIIO. Today, I hope we will also be
118 able to discuss CCIIO's ability to determine whether health
119 insurance premiums' increases are legitimate. As I mentioned
120 before, one large health insurance company has already warned
121 of rate shock, and this is an obvious concern for many
122 Americans.

123 ObamaCare has consistently promised lower costs and now
124 we all hear from supporters of the law that there are tax
125 credits and subsidies available, but a recent study showed
126 that only 8 percent of the public will qualify for those
127 subsidies. I hope we can hear from the witnesses today with
128 the other 92 percent of us can expect.

129 Thank you again, Mr. Cohen, for joining us today. And
130 now I would like to recognize the ranking member, Ms.
131 DeGette, for an opening statement.

132 [The prepared statement of Mr. Murphy follows:]

133 ***** COMMITTEE INSERT *****

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|
134 Ms. {DeGette.} Thank you very much, Mr. Chairman, and
135 welcome to you, Mr. Cohen.

136 Thanks to the Affordable Care Act, tens of millions of
137 Americans who would otherwise be uninsured will receive
138 health insurance for the first time. Americans will enjoy
139 protections from the worst abuses of the insurance industry:
140 rescissions, coverage denials, and annual and lifetime limits
141 that cruelly cut off coverage for folks when it is needed
142 most. These are all big changes and the time to implement
143 them is coming up very, very fast.

144 In just over 5 months, citizens will be able to sign up
145 for health insurance through the federal or state
146 marketplaces. Now, while signing up for coverage should be
147 easy come October, implementation is going to be a
148 complicated process over these next few months, not because
149 of any flaws in the law, but because this is a new approach
150 to providing coverage nationwide, and these things are always
151 difficult to implement.

152 And by the way, this CBO has predicted that overall
153 consumer costs will go down once these marketplaces are

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154 implemented. There is no reason to think it won't work. It
155 worked great in Massachusetts under Mitt Romney. But we have
156 to educate millions of people about the marketplaces in
157 advance. CCIIO and the States have set up complex data
158 systems to manage the process.

159 So, Mr. Chairman, I am super glad that you are doing
160 this oversight, and I think we need to hear from Mr. Cohen,
161 probably not just today, but as we go through the summer,
162 about how CCIIO was doing, where there are challenges, and
163 how the agency expects to address those challenges. I do
164 think, though, that we should conduct this oversight with an
165 appropriate perspective.

166 I wish, for example, that when the naysayers raise the
167 specter of a potential increase in premiums for some young
168 healthy people, particularly young men, that they can also
169 put this into perspective by understanding that the tax
170 credits and caps on out-of-pocket costs will sharply lower
171 overall costs for these individuals and millions of other
172 Americans.

173 And I wish that folks raising the specter of high
174 premiums for young men in particular could add to that

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175 perspective the millions of women of all ages who will pay
176 lower premiums and who won't be discriminated against by
177 insurers simply because they are female or the millions of
178 Americans who will receive dramatically better and more
179 dependable insurance coverage.

180 When people complain about the fact that the Obama
181 Administration is, heaven forbid, spending money to make sure
182 that citizens understand the new law, I wish they would take
183 the perspective to remember that the Bush Administration did
184 the same thing, even hiring blimps to spread the word about
185 Medicare and spending \$300 million on a public relations
186 campaign for Medicare Part D.

187 And Mr. Chairman, I will say, I voted against the
188 Medicare Part D Bill because it didn't allow negotiation by
189 the Secretary of HHS to lower prescription drug costs. But
190 even though I voted against it, I had town hall meetings all
191 throughout my district and I had internet training to help my
192 constituents figure out how to sign up for it. And I think
193 we need to have that kind of bipartisan cooperation as we
194 implement these exchanges at the national and state level.
195 And so I hope that we take that appropriate perspective and I

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196 hope that we can develop that perspective as the Affordable
197 Care Act is implemented over the coming months.

198 In January 2006, when we implemented the Medicare Part D
199 program, Time magazine described a ``initial nightmares of
200 implementation,'' noting snafus that have resulted in many
201 low-income seniors being turned away by the compounding new
202 prescription drug program. In Vermont, the implementation of
203 the law was described as a ``public health emergency.'' Now,
204 those problems are almost forgotten until today. Ultimately,
205 the Part D program got off the ground and even those who
206 initially voted against the bill, like me, took a stake in it
207 and worked to fix the problems. The biggest problem, the
208 donut hole, was eliminated by the Affordable Care Act.

209 So I think, Mr. Chairman, as usual, there is a lesson to
210 be learned in this history. I hope that the implementation
211 of the Affordable Care Act goes smoothly. I certainly hope
212 it goes more smoothly than the implementation of the Medicare
213 Part D. But I am not naïve enough, and no one should be, to
214 think it will be completely wrinkle-free. What I do hope is,
215 as problems arise, we can work together to identify and fix
216 them instead of using them to simply score political points,

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217 because we all have a stake in providing quality, affordable
218 health insurance coverage for all Americans.

219 I hope this hearing and our future work on this subject
220 represents an effort by everybody to truly work together to
221 implement this law. I thank you for having the hearing and I
222 yield back.

223 [The prepared statement of Ms. DeGette follows:]

224 ***** COMMITTEE INSERT *****

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|
225 Mr. {Murphy.} The gentlelady yields back. I now
226 recognize the chairman of the full committee for 5 minutes,
227 Mr. Upton of Michigan.

228 The {Chairman.} Thank you, Mr. Chairman.

229 Today's hearing continues this committee is rigorous
230 oversight of the Obama Administration's implementation of the
231 healthcare law. Since the law's passage, we have had CCIIO
232 before this subcommittee three times, and during previous
233 hearings, we uncovered that the promises made about the
234 Affordable Care Act didn't quite match up with reality.

235 In 2011, we learned that CCIIO was granting waivers from
236 the law to individuals and companies that would face large
237 premium increases or the loss of coverage because of
238 ObamaCare. We also found that, through its implementation of
239 the Early Retiree Reinsurance Plan, CCIIO had handed out
240 millions of dollars to certain corporations, unions, and
241 state governments. Even more troubling was the fact that the
242 Early Retiree Plan burned through the \$5 billion allocated to
243 it so quickly that it actually stopped accepting applications
244 in May of 2011, more than 2 years before the program was

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245 supposed to and. Yet, this is the same amount of money that
246 was given to the Preexisting Condition Insurance Plan.

247 This bill has been the law of the land now for over some
248 3 years and we are just 8 months away from the full
249 implementation, and by all accounts, the Administration still
250 doesn't have its act together. It doesn't bode well when
251 just last week a top supporter of the President and leading
252 Senate architect of the law publicly warned the HHS Secretary
253 that he sees a train wreck coming. Will the exchanges be
254 ready? How will families be able to prepare for it? Will
255 they be able to rely on the promises that if you like your
256 coverage you can keep it? Will young adults be able to
257 afford higher cost?

258 The alarm bells over how ObamaCare will unfold are
259 getting louder by the day. Costs are going up, insurers are
260 warning about premium increases, and small businesses are
261 indeed struggling with the choices about whether they can
262 provide employees with coverage. Patients need certainty.
263 Employers need certainty. And I hope that HHS and CCIIO will
264 always show us what they are doing to implement the law by
265 the deadline.

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266 Finally, last week, this committee marked up a bill that
267 targets the Prevention and Public Health Fund to give that
268 money to those who need it most: Americans with preexisting
269 conditions who were promised coverage by supporters of
270 ObamaCare, only to find that the program was closed to new
271 applicants a few weeks ago. The Preexisting Condition
272 Insurance Plan has been an unfortunate example of the
273 problems of ObamaCare. The promises don't match reality, and
274 I think that it is unacceptable that this is going to happen,
275 and I look forward to the vote this afternoon to fix it. And
276 I yield the balance of my time to Dr. Burgess.

277 [The prepared statement of Mr. Upton follows:]

278 ***** COMMITTEE INSERT *****

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279 |
 Dr. {Burgess.} I thank the gentleman for yielding.

280 Mr. Cohen, thank you for coming back to our humble

281 little subcommittee.

282 Of course, my interest in CCIIO actually predated CCIIO

283 when you were OCIIIO, right after the Affordable Care Act

284 passed and Mr. Angoff was good enough--I didn't get hearing

285 on that. We were in the minority but Mr. Angoff was good

286 enough to come to my office and talk to me at least. Mr.

287 Larson has been in a couple of times, and you have been in

288 before us at least one time before. But I have got to tell

289 you, it has been very, very difficult to get information out

290 of the Center for Consumer Information and Insurance

291 Oversight, the basic budgetary information.

292 Now, the ranking member says that we all ought to be in

293 a posture of working together. It is difficult to do that

294 when the most basic questions remain unanswered. So we got

295 October 1, it is coming fast, 5 months away, and it seems

296 like there are more and more questions about the readiness of

297 your office, and indeed, the Administration to get the

298 answers that people want. I mean, you yourself went to AHIP,

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299 the American Health Insurance Plans conference this month
300 and, ``it is only prudent to not assume everything is going
301 to work perfectly on day one.'' I agree with that, but I
302 think we at this committee need to hear from you, where are
303 the concerns? Where do you see the lights blinking on the
304 dashboard? What are you doing to prepare yourself and your
305 agency and your center for that day in October that dawns and
306 everyone goes online on the federal hub that may or may not
307 exist to be able to sign up for these programs? Senator
308 Rockefeller actually said it pretty well the other day.
309 People are going to get a bad impression and it is going to
310 stay with them.

311 I think the references to Part D are reasonable to make.
312 But remember, that they happened after 2 years of
313 preparation. You have had 3 years of preparation. The 6
314 weeks of turmoil with Part D could likely turn into many more
315 weeks and/or months, or even years of turmoil when this
316 program is unfolded next year.

317 So the application process is lengthy and complex.
318 People are asked to estimate whether or not they think their
319 employer will provide insurance next year, what their

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320 earnings are going to be next year. I mean, these are tough
321 questions that need answers and we hope we get some today,
322 and certainly, we will be adding additional questions in
323 writing in the period that they are allowed.

324 So I thank you for being here today and look forward to
325 your answering questions.

326 [The prepared statement of Dr. Burgess follows:]

327 ***** COMMITTEE INSERT *****

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|
328 Mr. {Murphy.} The gentleman's time has expired. I now
329 recognize the ranking member of the full committee, Mr.
330 Waxman, for 5 minutes.

331 Mr. {Waxman.} Thank you very much, Mr. Chairman.

332 The Republicans on this committee and our Health
333 Subcommittee have held 5 hearings since December on the
334 Affordable Care Act, and each of these 5 hearings repeats the
335 themes that they expressed when they opposed the bill. And
336 they certainly never expected this to become law. Republican
337 members can't accept the health reform is working and it is
338 now the law of the land. They opposed it from the beginning,
339 and until the day the President signed the bill into law,
340 they insisted it had no chance of passing. Until the Supreme
341 Court ruled it constitutional, the Republican said, oh, it is
342 not constitutional. Until the day President Obama was
343 reelected, they insisted the American people would vote him
344 out of office so they could overturn this law. None of that
345 happened.

346 And now, they call this an oversight hearing because
347 they predict all these terrible things to happen. They are

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348 not predicting; they are wishing bad things to happen. This
349 is not a hearing to be constructive; it is a hearing to
350 attack the law and hope that it doesn't work. Well, the
351 Affordable Care Act will go fully into effect and Americans
352 will never again have to worry about their ability to get
353 affordable, high-quality health insurance. So the
354 Republicans are saying, well, the implementation is not going
355 to go smoothly. Well, implementation of any new big program
356 has its kinks.

357 But the Affordable Care Act is proceeding on schedule
358 and it has done a remarkable amount of good for people. Over
359 3 million young adults now have health insurance. Over 100
360 million Americans have received free preventive health
361 benefits. More than 6 million seniors have saved \$6.1
362 billion in the Medicare Part D drug program. And beginning
363 next year, tens of millions of Americans, who would otherwise
364 be without health coverage, will have dependable, quality
365 health insurance.

366 My Republican colleagues said people want certainty.
367 Well, the certainty they would have if there was no
368 Affordable Care Act is that millions of people would be

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369 discriminated against because they had preexisting health
370 conditions, because they offer a risk to the insurance
371 companies. They have to pay more money for their care. They
372 would have the certainty of knowing that insurance companies
373 would do everything they could to keep them from getting
374 coverage if it is going to cost the insurance companies
375 money. And that is what we wanted to change.

376 Republicans still oppose the Affordable Care Act. They
377 are not taking a constructive approach. They are not saying,
378 what can we do to make this law and its implementation work
379 more smoothly? They are saying, what can we blame people who
380 supported this law about the problems that may come up?

381 While I am pleased that we have at this hearing today
382 again Gary Cohen, who was here in December answering many of
383 the same questions I am sure he will be addressed today. The
384 Center for Consumer Information and Insurance Oversight has
385 made huge progress in implementing the Affordable Care Act.
386 Success doesn't change the opinions of my colleagues on the
387 Republican side of the aisle. It makes them even more
388 determined to look for something they can criticize. And
389 today on the House Floor, we are going to vote on a bill that

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390 they produced, because under the Affordable Care Act, we had
391 a high-risk pool for people with preexisting conditions who
392 are waiting until January to be able to buy health insurance
393 without being discriminated against, without being charged
394 more money because of those preexisting conditions.

395 We have spent \$5 billion on a program to precede that to
396 help people with preexisting conditions to be in a high-risk
397 pool and we ran out of money. Republicans don't mind that we
398 run out of money for everything that the government does
399 because they supported the idea of sequestration happening.
400 And we are running out of money in all sorts of places where
401 the government has an obligation. But we have run out of
402 money for that preexisting medical problems pool until the
403 last few months of this year.

404 So the Republicans suddenly concerned about people with
405 preexisting conditions decided to make sure that fund has
406 enough money to go on for the rest of this year. But they
407 funded by taking away the Public Health Prevention Funds
408 until 2016. It makes no sense whatsoever. We are happy to
409 support the continuation of that preexisting pool to the end
410 of this year, but certainly, we could have found a better

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411 funding source and the Republicans have denied the
412 opportunity for any other source to be offered on the House
413 Floor today.

414 You have to question how sincere they are about wanting
415 to help people with preexisting conditions, how sincere they
416 are for wanting to see a smooth implementation of the bill
417 now that it is law. They want this bill to fail. They want
418 to go back to the time when millions of people had no chance
419 for insurance. That is the certainty they want to offer and
420 it is a certainty that led us to have the Affordable Care Act
421 passed into law.

422 I congratulate Mr. Cohen and his agency for doing all
423 that they are doing. It is an important service to make sure
424 the law succeeds. And that is what we should all want to see
425 happen now that it is the law and they lost the last election
426 and their last chance to repeal it.

427 [The prepared statement of Mr. Waxman follows:]

428 ***** COMMITTEE INSERT *****

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429 Mr. {Murphy.} The gentleman yields back. All right.

430 For our witness, Mr. Cohen, you are aware that this
431 committee is holding an investigative hearing, and when doing
432 so, has the practice of taking testimony under oath. Do you
433 have any objections to testifying under oath?

434 Mr. {Cohen.} No, sir.

435 Mr. {Murphy.} The chair then advises you that under the
436 rules of the House and the rules of the committee you are
437 entitled to be advised by counsel. Do you desired to be
438 advised by counsel during your testimony today?

439 Mr. {Cohen.} No, sir.

440 Mr. {Murphy.} In that case, if you would please rise
441 and raise your right hand; I will swear you in.

442 [Witness sworn.]

443 Mr. {Murphy.} Thank you. You are now under oath and
444 subject to the penalties set forth in Title XVIII, Section
445 1001, of the United States Code. You may now give a 5-minute
446 summary of your written statement, Mr. Cohen.

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|
447 ^TESTIMONY OF GARY COHEN, DIRECTOR, CENTER FOR CONSUMER
448 INFORMATION AND INSURANCE OVERSIGHT

449 } Mr. {Cohen.} Thank you and good morning, Chairman
450 Murphy, Ranking Member DeGette, and members of the committee.
451 I appreciate the opportunity to tell you about CCIIO's
452 accomplishments over the past year. A lot has happened since
453 your last hearing on implementation of the Affordable Care
454 Act, and I would like to describe to you some of the progress
455 we have made and explain how I know that we are on track for
456 open enrollment this October.

457 We achieved a major milestone earlier this month when we
458 opened the window for issuers to begin submitting plans to be
459 sold through the federally facilitated marketplace. We said
460 that would happen on April 1 and it did, right on schedule.
461 We have had a very encouraging response and we expect to see
462 robust competition for the business of millions of Americans
463 who will be shopping for health insurance in this new
464 marketplace. States that are operating their own
465 marketplaces had begun accepting submissions from issuers as

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466 well.

467 It is also important to understand the ways in which we
468 have continued to improve our process since the window opened
469 on April 1. We have gotten feedback from States and issuers
470 as they have accessed the system, and we have addressed
471 whatever issues have come up. We have a helpdesk that
472 responds by email to anyone with questions about how to
473 submit information to us. We hold regular phone calls and we
474 regularly publish answers to frequently asked questions. At
475 last count, there were over 200 answers to frequently asked
476 questions in connection with this process that have been
477 provided to issuers and States. I am extremely proud of the
478 work that the team is doing to make sure that we will have
479 products on the shelves by October 1.

480 Another key element of this process is the federal data
481 hub. As you know, consumers will be providing certain
482 information in order to determine whether they are eligible
483 for tax credits to help pay their premiums for the commercial
484 health insurance that will be offered in the marketplaces.
485 This data will be transmitted to the data hub in real time to
486 be checked against information that is available regarding

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487 income, citizenship, incarceration, and so forth. The hub
488 will not store any individual's data. It is a conduit from
489 the agencies where this data is kept such as the IRS, Social
490 Security, and Department of Homeland Security. This will
491 enable real-time electronic verification of information
492 needed to determine eligibility and will reduce, to the
493 greatest extent possible, the need for people to submit paper
494 documentation.

495 States that are operating their own marketplaces will
496 also have access to the data hub. We have recently begun
497 testing the connection between state systems and the hub and
498 have succeeded in transferring data back and forth. This is
499 another major milestone that has been achieved on schedule.
500 Testing will continue and the hub will be fully operational
501 in time for open enrollment this fall.

502 Another key element is the single streamlined
503 application the consumers will use in order to find out
504 whether they are eligible for Medicaid or CHIP on the one
505 hand or tax credits to purchase commercial insurance plans
506 through the marketplace on the other. We have gone through
507 an extensive consumer testing process since the draft of the

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508 application was published and we have continued to work to
509 make it as simple as possible. The results have been
510 encouraging. Highlighted messaging will help answer
511 questions, alleviate concerns, and direct consumers to where
512 they can get additional help. We found that most applicants
513 will need to complete less than 1/3 of the total number of
514 items included in the entire physical form.

515 Now, no matter how simple and straightforward we are
516 able to make application process, we know that buying health
517 insurance is not like buying a book on Amazon or shoes from
518 Zappos. Many of the people coming to marketplace will never
519 have had commercial health insurance before and will need
520 help in choosing the plan that is right for them and their
521 family.

522 During the past year, we have been putting in place a
523 variety of ways for people to get that help. On
524 healthcare.gov, people can learn about the Affordable Care
525 Act, review health insurance basics in order to understand
526 what their coverage costs, and interact with a checklist on
527 how to prepare for shopping for coverage in the new
528 marketplace. There are several short videos explaining how

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529 shopping for Qualified Health Plans in the federally
530 facilitated marketplace will work.

531 In addition, healthcare.gov will have a chat capability
532 so that people can get their questions answered quickly as
533 they use the site. The call center will begin operating in
534 June, and during open enrollment, it will be answering
535 questions 24 hours a day, 7 days a week.

536 On April 9, we announced a funding opportunity for
537 recipients to operate as navigators for the federally
538 facilitated and partnership marketplaces. Navigators will
539 provide fair, accurate, and impartial information to help
540 consumers use the marketplace and select a Qualified Health
541 Plan. Meanwhile, licensed agents and brokers, compensated by
542 the issuer and regulated under state law, may enroll
543 consumers in coverage through the marketplace in every State.

544 As you can see, CMS has been hard at work over the past
545 year improving the health insurance market for all Americans.
546 This work and these achievements make me confident and
547 excited for the future health insurance market. Soon,
548 consumers will have better access to health coverage that
549 best fits their needs.

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550 So I thank you for holding this hearing and I would be
551 happy to answer your questions.

552 [The prepared statement of Mr. Cohen follows:]

553 ***** INSERT 1 *****

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|
554 Mr. {Murphy.} I thank you very much, Mr. Cohen. Let me
555 recognize myself for 5 minutes here.

556 Regarding the navigators, I believe the law says that if
557 they have received compensation from an insurance company,
558 they are not eligible to be employed as navigator. Is that
559 correct?

560 Mr. {Cohen.} That is what we have said in our
561 regulations. If they have received compensation from an
562 insurance company in connection with enrolling people in
563 health coverage, they are not eligible to be navigators.

564 Mr. {Murphy.} So let's say Mary Smith is an insurance
565 agent in Pennsylvania, 20 years in the field. Now, she has
566 received a license to sell insurance in the State of
567 Pennsylvania. In order to do that, she had to have 24 credit
568 hours of training. Then, she takes a test. She passed the
569 test, must continue to take 24 credit hours of training every
570 2 years to maintain her license. Let's say she has sold a
571 wide range of insurance for multiple companies for profit and
572 nonprofits to perhaps thousands of individuals. She would
573 like to apply for a job as a navigator. There is also John

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574 Doe who is applying for a job as a navigator with a high
575 school degree and zero experience selling insurance. Who is
576 eligible to be hired?

577 Mr. {Cohen.} So I think it is important to understand
578 that there really is a difference between what a navigator
579 does and what an insurance agent does.

580 Mr. {Murphy.} I understand.

581 Mr. {Cohen.} Mary Smith--

582 Mr. {Murphy.} But I just want--

583 Mr. {Cohen.} Mary Smith--

584 Mr. {Murphy.} --to make sure I understand. Mary Smith
585 is not qualified? Or she is--

586 Mr. {Cohen.} Mary Smith is qualified to offer insurance
587 in the marketplace as--

588 Mr. {Murphy.} But not as a navigator. She is
589 prohibited--

590 Mr. {Cohen.} She is not eligible for a navigator--

591 Mr. {Murphy.} But she is discriminated from being a
592 navigator because she has experience in the field that is
593 paid. Am I correct?

594 Mr. {Cohen.} But she is welcome to help clients obtain

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595 coverage in the marketplace as an agent.

596 Mr. {Murphy.} I understand. But someone who has
597 actually done this for a living is prohibited from being
598 hired to advise people to buy insurance under the exchanges
599 or to be advised on how to buy insurance in the States. Am I
600 correct?

601 Mr. {Cohen.} Well, she could choose no longer to be
602 selling insurance--

603 Mr. {Murphy.} But if--

604 Mr. {Cohen.} --like half of issuers, and be a
605 navigator. That is her choice.

606 Mr. {Murphy.} So as long as she is no longer taking any
607 money from insurance companies--

608 Mr. {Cohen.} She is eligible. Correct.

609 Mr. {Murphy.} Now, let me ask you this because some of
610 this still I am still puzzled about. In terms of the time
611 frame here--because a lot of employees are saying to me I
612 have got to make decisions now. They are not going to start
613 budgeting, you know, or having budget decisions on December
614 31st but want to make decisions now. How soon will the
615 information be available to them in terms of what is going to

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616 be in these exchanges? Do you have some date of that?

617 Mr. {Cohen.} Yes. The plans are being submitted now.

618 They will be reviewed both by us and by the state insurance

619 regulators that have to approve the plans. And then issuers

620 will have an opportunity to make any changes--

621 Mr. {Murphy.} Just give a date in terms of when those

622 will be available.

623 Mr. {Cohen.} September.

624 Mr. {Murphy.} In September. Now, the navigators are

625 going to have complete final training in August, so that

626 seems a bit odd according to your calendar. They can't

627 really get final training before they see the exchanges, so I

628 hope you would adjust that date.

629 Mr. {Cohen.} Well, the primary function of the

630 navigators in the early period will be outreach and

631 enrollment. And then once open enrollment starts in October,

632 then that is when they will be helping people--

633 Mr. {Murphy.} So these things will be available to look

634 at in September, but then sales of these plans will start in

635 October, a month later?

636 Mr. {Cohen.} Correct, for coverage in January.

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637 Mr. {Murphy.} And you feel you will be ready with
638 everybody fully trained and people fully informed of what is
639 available in that month?

640 Mr. {Cohen.} Yes.

641 Mr. {Murphy.} All right. Now, I want to ask you also
642 another thing with regard to navigators because there are
643 some concerns I have heard that people who--are people who
644 are involved in some community groups or political groups,
645 they can apply for jobs is navigators?

646 Mr. {Cohen.} So the requirements for applying for a
647 grant are set forth in the funding opportunity, not to
648 mention--

649 Mr. {Murphy.} But I am just wondering if there are
650 prohibitions in terms of involvement in other activities that
651 they would not be--

652 Mr. {Cohen.} We are hoping that groups that have a
653 demonstrated history of serving their community and serving
654 the people in their community that we are trying to reach
655 will apply for navigator grants.

656 Mr. {Murphy.} So ACORN members could?

657 Mr. {Cohen.} I can't speak to any particular group--

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658 Mr. {Murphy.} Well, but they wouldn't prohibit them,
659 right?

660 Mr. {Cohen.} They can apply--

661 Mr. {Murphy.} Okay.

662 Mr. {Cohen.} --and they will--their application will be
663 reviewed and we will be making decisions--

664 Mr. {Murphy.} Well, given that they are community
665 groups, I am concerned about data confidentiality and HIPAA
666 laws, et cetera, certainly, if they are discussing their own
667 health with navigators. What assurance do have in place and
668 what penalties will there be to make sure they do not keep
669 that data, it is only, for example, on government computer
670 systems, they cannot use it for any other purpose? Could you
671 address that issue?

672 Mr. {Cohen.} Certainly, thank you. So navigators will
673 be trained on the importance of privacy and security and will
674 be subject to all of the laws and regulations that protect
675 people--

676 Mr. {Murphy.} Are there other specific criminal
677 penalties if they use this data for their own purpose?

678 Mr. {Cohen.} There are.

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679 Mr. {Murphy.} And are they allowed, as community
680 groups, to accept donations from insurance companies and
681 other private groups?

682 Mr. {Cohen.} The prohibition is against receiving
683 compensation for enrolling people in coverage.

684 Mr. {Murphy.} I understand. But if they get donations
685 in a general sense, are they permitted to do that?

686 Mr. {Cohen.} I think--

687 Mr. {Murphy.} You are not sure?

688 Mr. {Cohen.} --I would need to understand better what
689 the--what type of donation and what the purpose of it would
690 be--

691 Mr. {Murphy.} Could you look into that, please, and get
692 back to us?

693 Mr. {Cohen.} I would be happy to.

694 Mr. {Murphy.} I understand your concern. That is an
695 important concern for all of us on those things, too.

696 I also have a final question with regard to do you think
697 you have enough funding at this point, not future budgetary
698 things, to take care of your enrollment of people in these
699 exchanges?

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700 Mr. {Cohen.} For fiscal year 2013 we have enough
701 funding and we have--the President's budget requests
702 additional funding for fiscal year 2014.

703 Mr. {Murphy.} Thank you. My time has expired.
704 I will now recognize Ms. DeGette for 5 minutes.

705 Ms. {DeGette.} Thank you very much, Mr. Chairman.

706 Mr. Cohen, the chairman talked to you about this
707 hypothetical person, Mary Smith, who is a registered
708 insurance broker or something. And she can't be a navigator
709 while she is selling insurance. That is because it would be
710 a conflict of interest, correct?

711 Mr. {Cohen.} That is right.

712 Ms. {DeGette.} But if she, with all her qualifications,
713 decided not to represent any insurance companies and not to
714 do that, she could become a navigator, correct?

715 Mr. {Cohen.} She could.

716 Mr. {DeGette.} Because then she wouldn't have a
717 conflict of interest, right?

718 Mr. {Cohen.} That is right.

719 Ms. {DeGette.} Now, what about these community groups?
720 On the community groups, as I recall when we did the Medicare

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721 Part D prescription drug benefit, we also had a number of
722 community groups helping sign seniors up for that. Is that
723 right?

724 Mr. {Cohen.} Correct.

725 Ms. {DeGette.} And that was kind of a similar situation
726 because it involved asking citizens--in this case, senior
727 citizens--to sort out a number of plans and then apply
728 online, right?

729 Mr. {Cohen.} That is true.

730 Ms. {DeGette.} And so really you did have to have
731 trained individuals, whether from community groups or other
732 places, helping folks do this, right?

733 Mr. {Cohen.} You did.

734 Ms. {DeGette.} Okay. Now, I am glad that you have a
735 lot of confidence that on October 1, 2013, consumers are
736 going to be able to sign up for these exchanges. I want to
737 ask you about the States, including my State of Colorado,
738 which are going to either run their own marketplaces or their
739 marketplace in partnership with the Federal Government.
740 There are 24 of them. What is your view about the state
741 marketplaces, how are they coming along?

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742 Mr. {Cohen.} So I am very encouraged by the progress
743 the States have been making. We work with them on literally,
744 you know, a daily and weekly basis. We are in close contact
745 with the people at the exchanges and also at the state
746 Medicaid agencies because that is a very important part of
747 this as well. I think it is fair to say that there are some
748 States that started earlier in the process and some States
749 that started a little bit later. So we are looking very
750 carefully at the progress that each of the States are making
751 and our commitment is that there will be a functioning
752 marketplace in every State on October 1. So we have been
753 working with the States to make sure that we provide the
754 support that is needed to make that happen.

755 Ms. {DeGette.} And what about the States that got a
756 late start? Are you giving them extra effort to help them
757 get their exchanges up and going?

758 Mr. {Cohen.} That is correct.

759 Ms. {DeGette.} Okay. Now, can you give us a sense--the
760 Chairman and I have talked a lot about the importance of
761 doing this oversight--what are the milestones and benchmarks
762 we should be looking at to measure CCIIO's progress over the

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763 next few months?

764 Mr. {Cohen.} So I think--and we provided you, I think,
765 with a timeline for what is supposed to be happening and what
766 will be happening over the next several months. I think the
767 keys are that we are on schedule and on track with the IT
768 build that were doing, which is clearly an important part of
769 this. And as I mentioned, we have achieved a big milestone
770 earlier this month with the QHP Submission process. The
771 federal data hub is going to be moving--is in testing now but
772 will be continuing testing through the summer. And so I
773 think it is just important to take a look at each of the
774 steps along the path and make sure that we are on track. But
775 I am very optimistic and confident of where we are at this
776 point.

777 Ms. {DeGette.} Now, Mr. Cohen, a couple of months ago
778 at a conference you said, ``it is only prudent to not assume
779 everything is going to work perfectly on day one and to make
780 sure that we have got plans in place to address things that
781 may happen.'' You also said that as we get closer to October
782 1, ``we will be in a position to better know which
783 contingency plans we actually have to implement.'' That

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784 seems a little in contrast to what you are saying this
785 morning. Can you explain what that comment meant and if that
786 means that HHS is not going to be ready to implement the law?

787 Mr. {Cohen.} I would be happy to, and I think, you
788 know, sometimes when things get reported, the context gets a
789 little lost. So--

790 Ms. {DeGette.} I have never noticed that before.

791 Mr. {Cohen.} I was speaking specifically not about
792 whether we would be ready and in operation October 1; I was
793 speaking really, Congresswoman, to some of the comments that
794 you made in your opening statement, that we know that when
795 big programs begin, sometimes things aren't perfect on day
796 one and you have to make improvements. And it is only
797 prudent to be prepared for the things that might happen that
798 you could do better. And we are, like all federal agencies,
799 subject to guidelines that are published by the National
800 Institute of Standards and Technology for when you do an IT
801 project. And so you have to be prepared with mitigation
802 strategies in case something doesn't work exactly the way you
803 expected. But we will be up and operational October 1. I
804 don't have any question about that.

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805 Ms. {DeGette.} Could you tell us about how you are
806 developing those mitigation strategies and are those coming
807 along?

808 Mr. {Cohen.} Yes. So it is really a constant process
809 of you--as you do the build--and I am not the expert on IT--
810 but as you do the build, you do testing, you see how things
811 are going, you come up with strategies for how you are going
812 to deal with--for example, suppose we get a lot more
813 applications that come in on day one than we planned for. So
814 you have to have redundancy; you have to be prepared for that
815 eventuality.

816 Ms. {DeGette.} Right.

817 Mr. {Cohen.} So those are the types of things that we
818 are doing.

819 Ms. {DeGette.} Thank you.

820 Mr. {Murphy.} Okay. The gentlelady's time has expired.

821 I now recognize the gentleman from Texas for 5 minutes,
822 Dr. Burgess.

823 Dr. {Burgess.} Thank you, Mr. Chairman.

824 So Mr. Cohen, let's go back to AHIP quote about which
825 contingency plans you actually have to implement now. The

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826 Secretary was here last week and I asked her about
827 contingency plans and she said there are no contingency
828 plans. Everything will be ready. So which is it?
829 Everything will be ready or you are planning for
830 contingencies?

831 Mr. {Cohen.} Everything will be ready but we are also
832 planning for anything that, when we go into operation, if the
833 situations come up that we need to address, we will be ready
834 to address those situations and make sure that the experience
835 for American consumers is as seamless and as good as it can
836 be.

837 Dr. {Burgess.} Well, the Committee would benefit,
838 actually, from seeing some of those contingencies. Let me
839 just ask you this: would it be fair to say that closing the
840 enrollment on the Pre-Existing Condition Insurance Plan, was
841 that a contingency?

842 Mr. {Cohen.} Closing enrollment on the Pre-Existing
843 Condition Plan was something that we did because it was the
844 prudent thing to do in light of the fact that we had a
845 certain amount of money, \$5 billion, to spend on that
846 program--

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847 Dr. {Burgess.} So that was a contingency plan to close
848 enrollment in PCIP that this committee was unaware of last
849 year?

850 Mr. {Cohen.} I think we were looking very carefully at
851 the expenditures of the program and we were committed as
852 careful stewards of the money that had been appropriated us
853 to do whatever was needed to live within the money--

854 Dr. {Burgess.} Yes, but here is the point: I mean the
855 Secretary comes in and says there are no contingency plans;
856 you are telling me that a year ago there was a contingency
857 plan to deal with the Pre-Existing Conditions program. We
858 need to know.

859 Mr. {Cohen.} Well, I didn't say that. I didn't say
860 that. I said--

861 Dr. {Burgess.} Well, it sounded like you said that.
862 And if we take a context, which we will, that is how it will
863 be reported by your friends in the press over here.

864 Look, we have got to level with each other. I mean
865 people are going to be counting on you to do your job on
866 January 1. And you have raised questions; your main health
867 IT guy at the same AHIP conference where you spoke, he raised

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868 questions about whether that federal hub will be ready. And
869 then you look at what happened in the Pre-Existing Condition
870 Plan, there is a word that goes around. I learn new words in
871 this town all the time. Some of them I can say here in
872 committee; some of them I can't. But the word that keeps
873 coming up is de-scoping. So are you actively discussing de-
874 scoping, reducing the scope of the Affordable Care Act when
875 the rollout occurs?

876 Mr. {Cohen.} No.

877 Dr. {Burgess.} I mean I am reminding you, you are under
878 oath so--

879 Mr. {Cohen.} Yes.

880 Dr. {Burgess.} --when we call you back in here next
881 year to talk about this, there is no plan to narrow the scope
882 of the Affordable Care Act?

883 Mr. {Cohen.} We have--we intend to implement fully the
884 Affordable Care Act. We have announced already some portions
885 that will be put off to 2015. But at this point, I don't
886 anticipate any de-scoping of the Affordable Care Act now.

887 Dr. {Burgess.} And yet, you know, you look at the
888 people who wanted to sign up for the preexisting program and

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889 in their parlance they have been de-scoped out the
890 availability of that program, have they not?

891 Mr. {Cohen.} Well, the Preexisting Condition program
892 was always meant to be temporary. And though--the
893 circumstances of those people really point to exactly why we
894 needed the Affordable Care Act--

895 Dr. {Burgess.} Yes, but you know what--

896 Mr. {Cohen.} --because those people were not able to
897 get health insurance coverage at all--

898 Dr. {Burgess.} Building a bridge doesn't do you any
899 good if it doesn't get to the other side, and these people
900 now fall into this 8-month chasm and that is a problem.

901 Now, the SHOP exchanges that were much extolled as a
902 virtue of the Affordable Care Act and now those are going to
903 be delayed--well, not really delayed but you will only have
904 one choice because the competition that was advertised
905 amongst these plans.

906 Mr. {Cohen.} Well--

907 Dr. {Burgess.} And I think that is what Senator
908 Rockefeller was talking about. Wait a minute. This was a
909 serious missed-at fire.

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910 Mr. {Cohen.} Let's be clear. Employers will have a
911 choice. They can choose among the plans that are available
912 in the SHOP. And we believe that employers will have more
913 choice under the Affordable Care Act than they did before.
914 The 1-year transition to--affects only employees' choice and
915 whether employers can offer more the one plan to their
916 employees in the federally facilitated marketplace.

917 Dr. {Burgess.} Again, I would just offer the
918 observation that sounds like a narrowing in scope to at least
919 to me. Maybe it doesn't to other people, but it does to me.

920 So let me ask you a question about taking the money from
921 the Prevention Fund. Did someone in your department make the
922 decision to take the money from the Prevention Fund to fund
923 these navigators?

924 Mr. {Cohen.} Within CCIIIO, no.

925 Dr. {Burgess.} So who made the decision?

926 Mr. {Cohen.} The Secretary.

927 Dr. {Burgess.} So can you perhaps talk a little bit
928 about how your department has been using the money that the
929 Secretary moved from the Prevention Fund?

930 Mr. {Cohen.} The portion of the Prevention Fund money

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931 that CCIIO is using goes to the \$54 million funding
932 opportunity announcement for navigator grants.

933 Dr. {Burgess.} So are you going to take other money
934 from the Prevention Fund?

935 Mr. {Cohen.} I am not aware of that at this point, no.

936 Dr. {Burgess.} But it is the Secretary who has the
937 transfer authority under the law, so unless she were to level
938 with us--and I promise you, she didn't last week--unless she
939 were to level with us about what the future plans are, you
940 would have no way of knowing; we would have no way of
941 knowing. That secret is locked up with the Secretary.

942 Thank you, Mr. Chairman. I will yield back.

943 Mr. {Murphy.} The gentleman's time has expired.

944 I will now recognize Mr. Waxman for 5 minutes.

945 Mr. {Waxman.} Thank you, Mr. Chairman.

946 It is so amazing to me that the Republicans are
947 complaining that money was taken from the prevention program
948 to help pay for the implementation of the Affordable Care Act
949 after the Republicans denied the Administration funds to
950 implement the Affordable Care Act. It is like the kid who
951 killed his mother and father and then said you have to care

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952 for me because I am an orphan. They are the ones who are
953 impeding this legislation from being implemented and forcing
954 the Administration to make these kinds of choices. But they
955 are now making a conscious choice to take the Prevention
956 Public Health Fund to pay for a short period of time for this
957 Preexisting Condition Insurance Program that is supposed to
958 go out of existence at the end of this year.

959 This Preexisting Condition Insurance Program, or PCIP,
960 was part of the Affordable Care Act. It isn't something the
961 Republicans authored into law; it was part of the Affordable
962 Care Act that they voted against. And in February of this
963 year, CCIIO, your agency, announced that enrollment would be
964 suspended to ensure that the program's funds, which were
965 capped, would be able to pay the claims of existing
966 enrollees. This is what happens when you cap a program.
967 They want to cap Medicare; they want to cap Medicaid. That
968 means if you run out of money, you run of services. Well,
969 why was this decision made?

970 Mr. {Cohen.} Well, you stated it, Congressman. When we
971 had a certain amount of money that was authorized for the
972 program, our number one priority, obviously, was to make sure

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973 that those people who were already enrolled in the program
974 got continuity of care until the end of the year.

975 Mr. {Waxman.} So we are talking about 107,000
976 enrollees. Isn't that correct?

977 Mr. {Cohen.} It is at least that many, yes.

978 Mr. {Waxman.} Okay. These individuals will be able to
979 receive their benefits until the end of this year. Is that
980 correct?

981 Mr. {Cohen.} Correct.

982 Mr. {Waxman.} Okay. And am I correct that the PCIP
983 program was always meant to be a temporary bridge to full ACA
984 implementation in 2014 when insurers would be barred from
985 discriminating against people with preexisting conditions?

986 Mr. {Cohen.} That is right.

987 Mr. {Waxman.} Okay. And will those uninsured
988 individuals who cannot get access to the PCIP program now be
989 able to get access to affordable quality healthcare coverage
990 when the ACA goes fully into effect in January?

991 Mr. {Cohen.} That is right. Insurers won't be able to
992 turn them turn them away and they won't be able to charge
993 them more just because they are sick.

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994 Mr. {Waxman.} It is to be quite amazing that the
995 Republican suddenly want to champion a program for a few
996 months which is a bridge until people get to what is a much
997 more sane way to handle the matter. People in this
998 preexisting program until the end of the year, we don't pay
999 all their expenses, do we? They have to buy their insurance?

1000 Mr. {Cohen.} That is right.

1001 Mr. {Waxman.} And is that going to be the same price as
1002 other people's insurance, or that--

1003 Mr. {Cohen.} Under the PCIP program, it is about the
1004 price of other people's insurance today, unlike state high-
1005 risk pools where the cost to enrollees is typically much
1006 higher.

1007 Mr. {Waxman.} We talked about the Affordable Care Act
1008 being fully implemented in 2014, but many key benefits and
1009 protections from the law are already in place. And I want to
1010 ask you how Americans are already benefiting from the law.
1011 The ACA prohibits insurers from denying coverage for children
1012 with preexisting conditions right now, isn't that correct?

1013 Mr. {Cohen.} That is right.

1014 Mr. {Waxman.} And how many children are there with

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1015 preexisting health conditions?

1016 Mr. {Cohen.} As many as 17 million.

1017 Mr. {Waxman.} Seventeen million people. We didn't have
1018 to create a fund for them; we just said they have to be
1019 covered right now; the others will be covered in January.

1020 Mr. {Cohen.} That is right.

1021 Mr. {Waxman.} Covered without being discriminated
1022 against. The law also bans annual lifetime coverage limits,
1023 isn't that correct?

1024 Mr. {Cohen.} It did.

1025 Mr. {Waxman.} And when did this ban going to affect?

1026 Mr. {Cohen.} In September of 2010.

1027 Mr. {Waxman.} And how many Americans are benefiting
1028 from this provision of the Affordable Care Act?

1029 Mr. {Cohen.} Approximately 105 million.

1030 Mr. {Waxman.} The ACL also ends some of the insurance
1031 industry's most harmful abuses, including policy rescissions.

1032 Mr. Cohen, for folks who aren't experts in the insurance
1033 industry, tell us: what are these rescissions?

1034 Mr. {Cohen.} So insurance--before the Affordable Care
1035 Act, insurers often had a policy of what is called post-claim

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1036 underwriting. So they would wait to see if someone got sick
1037 and started having a lot of health claims, and then they
1038 would go back to look at their application and see if they
1039 could find something in the application that maybe was
1040 mistakenly entered that was incorrect. And then they would
1041 say we are going to take away your policy retroactively so
1042 that we don't have to pay for any of those claims.

1043 Mr. {Waxman.} So when Republicans voted against the
1044 Affordable Care Act, they were voting to let the insurance
1045 companies do this rescission, which is taking away your
1046 insurance coverage when you needed even though you paid for
1047 it.

1048 Mr. {Cohen.} That is correct.

1049 Mr. {Waxman.} Thank you.

1050 Mr. {Murphy.} The gentleman's time has expired.

1051 I now recognize Mr. Scalise for 5 minutes.

1052 Mr. {Scalise.} Thank you, Mr. Chairman. I appreciate
1053 you having in this hearing.

1054 Thank you, Mr. Cohen, for coming. Yesterday, I was in
1055 my district before I flew back here to D.C. and there was a
1056 panel on the healthcare law that was held at a local hospital

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1057 in my district. And, you know, I was one of the people that
1058 was speaking on that panel. And there were a number of
1059 people in the healthcare industry, people that have
1060 insurance. And it just seemed to be an underlying theme that
1061 continued to go through that room that nobody is ready for
1062 this law. Nobody knows how it is going to work for them, and
1063 most people are really concerned that the good healthcare
1064 they have they are in jeopardy of losing. And again, this is
1065 something I hear all the time when I am back in my district
1066 talking to small businesses, talking to families who have
1067 healthcare that they are now having real concerns about
1068 whether or not they are going to be able keep that. I mean
1069 are you out of touch with this or do you hear these real
1070 concerns? And I talked to my colleagues from other States
1071 and they are hearing the same things. I mean are you hearing
1072 these things?

1073 Mr. {Cohen.} I mean I think it is important to keep in
1074 mind that for the many millions of Americans who have
1075 healthcare through their employer who--that employs more than
1076 50 people, they are largely unaffected by the Affordable Care
1077 Act.

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1078 Mr. {Scalise.} Well, I will give you an example. I met
1079 recently with the owner of Whole Foods. They have something
1080 like 30,000 employees. This is a very large company, a very
1081 well-respected company nationally. They have healthcare that
1082 their employees really like. Their employees actually get to
1083 vote on the benefits. It is a very highly successful plan.
1084 They have managed to control costs, they beat the industry
1085 average, and yet they still provide a plan that their
1086 employees like. And under the current law, from what they
1087 see, their plan is not even eligible. Their 30,000 plus
1088 employees that have good healthcare they like our right now
1089 at risk of losing that coverage. You know the old promise if
1090 you like what you have, you can keep it? It was broken to
1091 those 30,000. That was one example. I mean, are you even
1092 aware of that?

1093 Mr. {Cohen.} Well, I can't speak to--specifically to--

1094 Mr. {Scalise.} You ought to find out about it.

1095 Mr. {Cohen.} --that example. What I can--

1096 Mr. {Scalise.} A real-life example of a real company
1097 that is a well-respected company that has good healthcare
1098 their employees really like and they are right now at risk of

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1099 losing it because of this law.

1100 Mr. {Cohen.} But I can't--

1101 Mr. {Scalise.} Well, I want to walk you through some
1102 specific things that we have been seeing, you know, and start
1103 with the Pre-Existing Condition Insurance program. You all
1104 did actually stop taking new enrollees in that program,
1105 right, because it ran out of money?

1106 Mr. {Cohen.} We stopped taking new enrollees to make
1107 sure we wouldn't run out of money.

1108 Mr. {Scalise.} All right. So the Early Retiree
1109 Reinsurance Program, that was supposed to last until 2014. I
1110 think it was discontinued in 2011, is that right?

1111 Mr. {Cohen.} Well, I think the success of that program
1112 showed the great need for it and--

1113 Mr. {Scalise.} So enrollments closed on it? It was so
1114 successful that somebody can't get in it right now?

1115 Mr. {Cohen.} We are paying out claims now only based on
1116 money that is coming back to us.

1117 Mr. {Scalise.} So can someone enroll in it today?

1118 Mr. {Cohen.} Enroll in it today, no.

1119 Mr. {Scalise.} No. So they can't enroll in it. Some

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1120 requirements for Small Business Health Options Program were
1121 delayed, is that correct?

1122 Mr. {Cohen.} The SHOP will be operating in October.

1123 The one provision that is put off--

1124 Mr. {Scalise.} But did you delay some of those
1125 provisions?

1126 Mr. {Cohen.} One aspect of the SHOP, which is the
1127 employee choice we had--

1128 Mr. {Scalise.} That has been delayed. The CLASS
1129 program--that was supposed to be ObamaCare's long-term care
1130 program--that was actually repealed by Congress, wasn't it?

1131 Mr. {Cohen.} That is not one of mine so--

1132 Mr. {Scalise.} No, it is not one of anybody's anymore
1133 because it got repealed by Congress it was so bad. And
1134 hopefully, none of this is yours anymore because we could
1135 repeal the whole thing.

1136 But I want to hit one more of them. The 1099
1137 requirement that we were hearing horror stories about that
1138 was getting ready take effect, again, part of ObamaCare. The
1139 horror stories were so bad that Congress, Republican and
1140 Democrat alike, agreed to repeal that, too, right?

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1141 Mr. {Cohen.} That is my understanding. Well, again
1142 that is the--

1143 Mr. {Scalise.} But it is not your problem anymore
1144 either because we repealed that. So there are five examples
1145 right there, five examples, some fairly small components, but
1146 then you are here telling us that probably the largest
1147 component that you are going to have to deal with, and that
1148 is these exchanges, they are going to be ready. You think
1149 they are going to be fine in a couple of months when it is
1150 time for them to come online, yet I just gave you five
1151 examples of programs that were either delayed, closed
1152 enrollment because they weren't ready for primetime, or just
1153 outright repealed because they were so bad. But then you are
1154 going to tell us that the biggest part is going to be okay?

1155 Mr. {Cohen.} We are on track and I can just point to
1156 the successes that we have had so far in developing systems--

1157 Mr. {Scalise.} I just highlighted five examples of
1158 failures. In fact, I don't know if you know this, one of the
1159 lead architects of ObamaCare, Senator Baucus just last week
1160 said, ``I just see a huge train wreck coming down,'' and he
1161 is not even running for reelection. But, I mean, he just

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1162 said that last week. I mean, do you dispute what he said
1163 last week about the healthcare law being a huge train wreck
1164 coming down?

1165 Mr. {Cohen.} We are on track and on schedule--

1166 Mr. {Scalise.} On track. The problem is there is a
1167 train coming at you on that track--

1168 Mr. {Cohen.} We--

1169 Mr. {Scalise.} According to one of the architects--that
1170 is what I mean. I voted against it. Somebody that actually
1171 was helping push this thing through said it is about to be
1172 huge train wreck--

1173 Mr. {Cohen.} We will be ready to help millions of
1174 Americans enroll in quality affordable health--

1175 Mr. {Scalise.} I hope you are ready to help the
1176 millions of Americans that are about to be dealing with this
1177 train wreck that is coming because again, when you talk to
1178 real people out there in the real world--big and small--they
1179 don't know how they are going to be able to keep the
1180 healthcare they like for their employees. And that is a big
1181 concern of mine.

1182 I yield back.

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1183 Mr. {Murphy.} The gentleman's time has expired.

1184 I now recognize Mr. Tonko for 5 minutes.

1185 Mr. {Tonko.} Thank you, Mr. Chair. Mr. Cohen, thank
1186 you for appearing before the subcommittee today. And the
1187 Affordable Care Act's Prevention and Public Health Fund have
1188 been subject to ongoing attacks since their inception under
1189 the Affordable Care Act. The Republicans have repeatedly
1190 sought to repeal or drain those funds. They argue that it is
1191 a slush fund and that the resources are being used
1192 inappropriately to pay for public health lobbying efforts.

1193 Let's take the opportunity to set the record straight on
1194 exactly how the Prevention Fund is or isn't being used. I
1195 know the Prevention Fund isn't under your supervision but can
1196 you give us a general overview of the HHS agencies and public
1197 health programs and activities that have been and will be
1198 supported through the fund?

1199 Mr. {Cohen.} So I would be happy to try, Congressman.
1200 That is not directly my area and I would be happy to get back
1201 to you with information on that. But I do know that the
1202 Prevention Fund has been used extensively in tobacco
1203 cessation and wellness programs and in other programs

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1204 designed to get preventive care to people. And with respect
1205 to the work that we are doing, we know that when people have
1206 health insurance, they get preventive care and they get care
1207 for the illnesses that they do have earlier and they get
1208 better treatment and is more cost-effective.

1209 So I think that the use of the Prevention and Public
1210 Health Fund to help stand up these exchanges and make people
1211 sure that people know about them and take advantage of the
1212 benefits they have to offer is really, you know, right within
1213 the scope of what the fund is intended to do.

1214 Mr. {Tonko.} Thank you. And do state and local
1215 governments receive any of the dollars?

1216 Mr. {Cohen.} You know, I don't know the answer to that.
1217 I am sorry.

1218 Mr. {Tonko.} Is there a way you can check and get back
1219 to us, please?

1220 Mr. {Cohen.} Absolutely. Be happy to, yes.

1221 Mr. {Tonko.} And is any of the Prevention Fund being
1222 used by its grantees to support local lobbying efforts?

1223 Mr. {Cohen.} No, not that I am aware of. But again, I
1224 can check into that and get back to you.

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1225 Mr. {Tonko.} And what is the Department's policy on the
1226 use of federal grant dollars for lobbying activities?

1227 Mr. {Cohen.} It is not permitted.

1228 Mr. {Tonko.} Okay. With respect to using this fund to
1229 help implement the Affordable Care Act and implement the
1230 health insurance marketplaces, I understand that you and the
1231 rest of the Administration are in a very difficult position.
1232 Because Republicans in Congress have refused to provide any
1233 funding to support this critical program and help the
1234 implementation work smoothly, HHS was forced to leverage and
1235 reallocate existing resources to provide short-term and
1236 immediate funding. So my question is, can you please explain
1237 to us how the Secretary has used her transfer authority to
1238 help implement the Affordable Care Act?

1239 Mr. {Cohen.} So it is my--the Secretary has used the
1240 statutory authority that she has to transfer funds within
1241 HHS. She has used some funding from the Prevention Fund, as
1242 you mentioned, and she has used some funding from a
1243 nonrecurring expense fund for--particularly for IT projects.
1244 And those are the sources that she has used in addition to
1245 the implementation fund that was contained in the Affordable

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1246 Care Act.

1247 Mr. {Tonko.} And the IT projects that you are talking
1248 about would--

1249 Mr. {Cohen.} That is the work that we are doing to get
1250 the marketplaces ready for October.

1251 Mr. {Tonko.} For October 1. And how will HHS ensure
1252 that programs supported by the Prevention Fund won't be
1253 negatively impacted due to the reallocation, if you will, of
1254 the funds?

1255 Mr. {Cohen.} Well, I mean, obviously the President's
1256 budget for 2014 requests additional funding for the work that
1257 we are doing. So the hope is that going forward we will get
1258 that funding and will be able to rely on that rather than
1259 having to use any funding under the Prevention Fund.

1260 Mr. {Tonko.} I thank you for your response. The
1261 Prevention Fund is a significant, smart, and worthwhile
1262 investment obviously in improving health situations for
1263 customers and reducing costs. It is unfortunate that you had
1264 to reallocate some of these funds to pay for implementation.
1265 I think is unfortunate that my Republican colleagues have
1266 been so unwilling to provide the basic funding requested by

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1267 the Administration to implement the healthcare laws.

1268 So, you know, I appreciate the insight that you have
1269 provided today. If you can get back to us with some of those
1270 other concerns, that would be appreciated. But, you know,
1271 this down payment is the effort to provide for a better
1272 outcome and to achieve the ultimate goals of the Affordable
1273 Care Act.

1274 So with all of that, I thank you--

1275 Mr. {Cohen.} Thank you.

1276 Mr. {Tonko.} --for your response here.

1277 And with that, Mr. Chair, I will yield back.

1278 Mr. {Murphy.} Thank you. The gentleman yields back.

1279 I now recognize Mr. Harper for 5 minutes.

1280 Mr. {Harper.} Thank you, Mr. Chairman.

1281 Mr. Cohen, thank you for allowing us this opportunity on
1282 very important issues that we need to discuss.

1283 And I want to follow up a little bit on what the
1284 gentleman from Louisiana just asked you about the Pre-
1285 Existing Condition Insurance program, the fund, where you had
1286 to stop enrollment. I was under the impression that it was
1287 stopped because the money was exhausted, but you said that

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1288 you stopped so you wouldn't run out of money. Would you
1289 explain that in a little more detail?

1290 Mr. {Cohen.} Sure. You know, as with any program like
1291 this, claims come in and have to get paid out over a period
1292 of time, so we have to project forward for the people that we
1293 have enrolled in the program now. We need to make sure that
1294 we can cover their costs.

1295 Mr. {Harper.} Your anticipated or projected or expected
1296 costs--

1297 Mr. {Cohen.} For the rest of the year. So we look at
1298 how much we are spending and how much we have, and obviously,
1299 we know that we can't go beyond what has been appropriated.
1300 So that was the basis for the decision.

1301 Mr. {Harper.} Right. How much money was left when it
1302 was closed when enrollment was stopped?

1303 Mr. {Cohen.} You know, I would have to go back and get
1304 you those precise numbers. I don't--

1305 Mr. {Harper.} Can you provide that information to us?

1306 Mr. {Cohen.} Yeah, I would be happy to. I don't want
1307 to misstate it so I would like--I would prefer to go back and
1308 get you that information.

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1309 Mr. {Harper.} You know, preexisting, I think everybody
1310 here is, you know, always concerned about preexisting. But
1311 even before the implementation of this, the largest insurer
1312 in my home State already provided preexisting coverage for
1313 dependent children up to age 25, not quite 26, but 25.

1314 Mr. {Cohen.} Um-hum.

1315 Mr. {Harper.} And those things were there and
1316 available. But what I want to know is you said there was not
1317 enough money left so you had to stop, but isn't this money
1318 that we are talking about today that Ms. Sebelius has
1319 available to her under the Preventive Care, could not some of
1320 that have been--instead of used for navigators or something
1321 else? Didn't she have the authority to transfer some of that
1322 money that was available to her, the billions of dollars
1323 available to her to help prop this program up for
1324 preexisting?

1325 Mr. {Cohen.} That is not something that we have looked
1326 at, Congressman, but I am sure we can--

1327 Mr. {Harper.} Well, I don't know that I need you to
1328 provide an answer. We know that is the truth. She has the
1329 ability; that money is available. I mean the money is almost

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1330 like a slush fund for her to use. And so we are going to do
1331 what should have been done, which is to take this money that
1332 is there available to use to help these people that are sick
1333 and to help those with preexisting. I mean some of this
1334 money has been used for a pet neutering project. And some
1335 others we used for lobbying efforts regarding soda taxes. I
1336 mean that is unconscionable that we would use money for
1337 something like that but yet deny care to those that are in
1338 most need.

1339 So I would encourage you to, even now, as this is going
1340 on, there are funds available within the program that could
1341 be shifted over to preexisting but we are going to take care
1342 of it with legislation today. It is interesting that even
1343 though some on the other side have been very critical, there
1344 are many health advocacy groups, patient advocacy groups that
1345 support this bill that is going to come up for a vote later
1346 today.

1347 Now, I would like to talk now for a minute about the
1348 sequester impact if we could. You know, we have had this
1349 Administration cancel White House tours but yet have concerts
1350 that cost over \$400,000 of taxpayer money. We have had an

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1351 Easter egg roll. We are going to have, I guess, another
1352 congressional White House Christmas Ball. All these things
1353 are done. TSA talking about long waits at the airport even
1354 though they ordered \$50 million worth of new uniforms before
1355 the sequester kicked in.

1356 So I think the public realizes the political
1357 gamesmanship that is taking place in this. So I want to know
1358 what you have done, as far as the sequester, how that has
1359 impacted you and if there is anything there that we should
1360 expect as far as furloughs or impact on patient care?

1361 Mr. {Cohen.} Within CMS, we have been working very hard
1362 to avoid the necessity for furloughs. We are under a hiring
1363 freeze so I can't hire. I can't replace people who leave,
1364 which is a serious issue for me in terms of trying to run a
1365 program. If people move on to other jobs, I can't hire to
1366 replace them. And there have been--you know, we have applied
1367 the sequester according to the advice that we have been given
1368 across the board, as we are required to do.

1369 Mr. {Harper.} Okay. I am almost out of time. But are
1370 you telling me, then, that this Administration is furloughing
1371 air-traffic controllers vital to public safety in this

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1372 country but yet you are not furloughing anybody in your
1373 agency?

1374 Mr. {Cohen.} Well, in effect we are because we can't
1375 replace people who leave. So we are--

1376 Mr. {Harper.} But that is not the same. I mean we are
1377 talking about at least a 15 percent furlough of current air-
1378 traffic controllers resulting in delays and perhaps safety
1379 concerns, but yet this has been a selective political item by
1380 the Administration.

1381 I yield back.

1382 Mr. {Murphy.} The gentleman yields back. I now
1383 recognize the gentleman from Texas, Mr. Green, for 5 minutes.

1384 Mr. {Green.} Thank you, Mr. Chairman.

1385 And I share my colleagues' concern, but when that
1386 sequester was passed, it was passed by a huge bipartisan
1387 vote. And, you know, you can't vote for something and the
1388 say, oh, I wish it weren't happening because it is happening
1389 whether it be at CMS or TSA or anywhere else.

1390 But let me get to the health exchanges. I have a
1391 question related to exchanges' important goal and I think we
1392 both share in sharing that part of the successful

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1393 implementation of the Affordable Care Act, people have access
1394 to the care they need. Your agency has released a series of
1395 letters to issues relating to Qualified Health Plans, QHPs
1396 and the insurance exchanges and the essential community
1397 partners. In your letter, you state CMS urges issuers to
1398 offer provider networks with robust ECP participation. Do
1399 you agree that is important that ECPs such as community
1400 health centers be considered as an integral part of the
1401 Qualified Health Plans networks?

1402 Mr. {Cohen.} Yes. Yes.

1403 Mr. {Green.} And is CMS encouraging that?

1404 Mr. {Cohen.} We are.

1405 Mr. {Green.} I have another related question but I will
1406 submit that for the record.

1407 And on the topic of premiums we heard repeatedly last
1408 month concerns about the potential rate increases under the
1409 Affordable Care Act, the concern that there will be some
1410 people, mainly healthier young men, who will pay higher
1411 premiums under the Affordable Care Act than they pay in an
1412 individual market. I would like to understand more detail.
1413 First, can you tell us a bit about how rates are structured

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1414 for different groups in the individual market now based on
1415 factors such as age, sex, and health status?

1416 Mr. {Cohen.} Yes. So in the market today, issuers are
1417 allowed to vary rates depending on the health status of a
1418 person, whether they are sick and they were expected to have
1419 higher costs. They are allowed to charge women more than men
1420 and treat being a woman as a preexisting condition.

1421 Mr. {Green.} Okay. So older and sicker people pay more
1422 and women pay more for healthcare right now?

1423 Mr. {Cohen.} That is right.

1424 Mr. {Green.} How would the rates be structured under
1425 the Affordable Care Act go into effect?

1426 Mr. {Cohen.} Health status won't be able to be used as
1427 a factor. Gender won't be able to be used as a factor. Age
1428 still can be used as a factor but the impact is limited
1429 compared to what it is today. And where you live is--can be
1430 used as a factor.

1431 Mr. {Green.} So under the Affordable Care Act, the risk
1432 will be pooled insurance cannot charge more for women and
1433 those with underlying health conditions. They are limited on
1434 how they can charge older people more than younger people, is

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1435 that correct?

1436 Mr. {Cohen.} That is correct.

1437 Mr. {Green.} And I know there are groups like young
1438 healthy males that look like they might pay higher premiums.
1439 My understanding is a number of factors that mitigate these
1440 premium increases. First, many of these individuals may
1441 qualify for Medicaid, so they will be able to receive
1442 coverage without paying premium, is that correct?

1443 Mr. {Cohen.} Yes.

1444 Mr. {Green.} In addition, the Affordable Care Act now
1445 allows young adults to remain on their parents' healthcare
1446 until 26?

1447 Mr. {Cohen.} Correct.

1448 Mr. {Green.} And that was part of the Affordable Care
1449 Act?

1450 Mr. {Cohen.} It was.

1451 Mr. {Green.} And as I recall, being here in 2009, there
1452 was not a Republican vote for moving that to 26 years old.
1453 But anyway, let me go on.

1454 What about those who are not on Medicaid or their
1455 parents' health plan? Am I correct that they qualify for tax

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1456 credits or premium assistance that will reduce their
1457 insurance costs?

1458 Mr. {Cohen.} Correct, up to 400 percent of the federal
1459 poverty level.

1460 Mr. {Green.} Okay. And to what extent will this
1461 mitigate the impact of premium increases?

1462 Mr. {Cohen.} It will be significant.

1463 Mr. {Green.} Okay. Finally, individuals under the age
1464 of 30 may purchase so-called young and invincible plans on
1465 health insurance and exchanges. I know I used to think that
1466 way when I was in my 20s but since I joined Medicare last
1467 year, I know I am not. Can you tell me how these plans will
1468 work and how they will reduce cost?

1469 Mr. {Cohen.} Absolutely. So that is a high-deductible
1470 plan which means that for your typical doctor's visit, it
1471 won't cover it, but if something serious were to happen to
1472 you--you become ill or in an accident--it will cover you.
1473 And those plans, we expect, will be very affordable for
1474 younger people.

1475 Mr. {Green.} Okay. The Affordable Care Act contains a
1476 lot of new tools like rate review and the medical loss

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1477 ratios. I come from the State of Texas and we typically
1478 don't regulate anything in health insurance except policies,
1479 and to be one of the best reforms in the Affordable Care Act
1480 was the 80 percent loss ratio. Because as an employer of
1481 small business years ago, I was not sure that the premiums we
1482 were paying were coming back into medical benefits. But we
1483 only had 13 employees and we didn't have a choice. But now,
1484 that small employer will know that 80 percent of their
1485 premiums will come back into medical benefits.

1486 Mr. {Cohen.} That is exactly right. And insurers have
1487 to pay back over \$1 billion in rebates to consumers and
1488 businesses in 2012 because of that program.

1489 Mr. {Green.} Well, and again, like I said, that seemed
1490 like one of the best reforms, although there a lot of things
1491 in there. And again, you don't need to say this but I also
1492 know that we tried to work on that bill in our committee and
1493 we did have a markup. And again, I didn't expect many
1494 Republicans to vote for it and none of them did. But there
1495 were a lot of good things in the Affordable Care Act that
1496 people have talked about on a bipartisan basis for decades.

1497 And I realize I am out of time. Mr. Chairman, thank

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1498 you.

1499 Mr. {Murphy.} The gentleman's time has expired. I will
1500 now go to the gentleman from Texas, Mr. Olson, for 5 minutes.

1501 Mr. {Olson.} I thank the chair.

1502 And good morning, Mr. Cohen.

1503 Mr. {Cohen.} Good morning.

1504 Mr. {Olson.} And I know I don't have to say this but I
1505 am going to say it anyway. I have been elected three times
1506 by the people of southeast Texas, my home--Texas 22--to be
1507 the Member here in Congress, their Representative. And quite
1508 frankly, they are frightened, and I don't use that word
1509 lightly. But they are frightened about ObamaCare and what it
1510 is going to do to their healthcare. Will it become more
1511 expensive? Will they have access? Will they keep it? Many
1512 promises have been made and many have already been broken.
1513 They want and deserve answers to my questions. So I ask you
1514 to respect them and directly answer the questions I ask.

1515 In a prior life, I spent 9 years as a staffer in the
1516 United States Senate. I know what a filibuster looks like.
1517 And I haven't seen one today, so thank you for that. But if
1518 I smell a filibuster I will abruptly interrupt and ask the

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1519 questions. So thank you for that.

1520 But I am confused. I mean last week right here in this
1521 room the Secretary said that there are no contingency plans
1522 for the state-based exchanges changes. And yet, Mr. Cohen,
1523 you today are saying there are some plans. So are there
1524 plans, contingency plans, or aren't there plans? Yes or no.

1525 Mr. {Cohen.} We will be ready to operate October 1 of
1526 2013. We are preparing for the eventuality that different
1527 parts of the system that we are building may not work
1528 perfectly and may need to be improved, and those are the
1529 kinds of plans that we are working on. We are doing testing
1530 and we are doing everything that we can to make sure that
1531 everything works as well as possible. But we know that in
1532 any large project--

1533 Mr. {Olson.} Okay. That is great, sir. It sounds like
1534 you are preparing for the worst and planning for the best--
1535 hoping for the best. Is that correct, yes or no?

1536 Mr. {Cohen.} We are--

1537 Mr. {Olson.} Preparing for the worst but hoping for the
1538 best.

1539 Mr. {Cohen.} --realistic--we are realistic in our

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1540 planning and we are--we will be ready.

1541 Mr. {Olson.} Okay. One further question, sir. I have
1542 talked to many family businesses back home about ObamaCare
1543 and its impact on their businesses. These guys provide
1544 health insurance to their employees, and every single one of
1545 them that I have talked to, every single one has told me,
1546 Congressman, I provide healthcare for my employees because it
1547 is good for my business, it is a recruiting tool, retention
1548 tool, but I have to compete at market. If this thing goes
1549 down, it cost me anywhere between, I have heard, 5 to 8,000,
1550 \$9,000 per employee per year. If the healthcare bill comes
1551 to pass and the exchanges don't work out, I will dump my
1552 people in the exchanges, you know, because I will pay a 2 or
1553 \$3,000 fine that is much more benefit for business. They are
1554 not going to be the first one to pull the trigger. They are
1555 waiting because they want to do it for their employees. But
1556 they will have to because the market will demand them to.
1557 Are you prepared? Have you gotten out in American heard this
1558 complaint or concern from small businesses?

1559 Mr. {Cohen.} Yeah, I have spoken to small business
1560 owners and representatives of, you know, small business

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1561 associations. I think it is important to keep in mind that
1562 the offer rate for small businesses of health insurance has
1563 been declining dramatically over the past decade and more
1564 because it is not affordable. And that was before there ever
1565 was an Affordable Care Act. I think there are a number of
1566 very important provisions in the law that will make coverage
1567 more affordable for small businesses not--you know, one of
1568 which certainly is the tax credit that is for eligible
1569 employers that can pay up to 50 percent of the cost of
1570 providing healthcare to their employees.

1571 Mr. {Olson.} Again, sir, every business I have talked
1572 to in this situation has said they are planning to drop their
1573 healthcare insurance. I mean that is in stark contrast to
1574 what you are saying here. I know what you are saying, but
1575 again, the bottom line on America is there are going to be
1576 changes. People will lose their healthcare because of
1577 ObamaCare.

1578 And one final question. My State of Texas is going to
1579 go on the federal exchange, and so obviously enrollment on
1580 October 1, full on go on January 1. One of the problems with
1581 D.C. is our eagerness is to impose a one-size-fits-all

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1582 solution to all of our problems. It won't work, the state
1583 exchanges. My parents live in Vermont; they retired up
1584 there. And I can assure you that Vermont's challenges are
1585 much different than Texas' challenges. Heck, Texas has a
1586 one-size-fits-all problem within the State.

1587 I mean, the Rio Grande Valley there has a high epidemic
1588 of diabetes. West Texas has a high epidemic of skin cancer
1589 compared to the rest of the State. Urban environments have
1590 more asthma, more issues in that area. So how do you address
1591 these differences? Will the federal exchanges address the
1592 differences between States?

1593 Mr. {Cohen.} Congressman, I think you know that Texas
1594 has one of the highest uninsured rates in the entire country.
1595 And the Affordable Care Act and Medicaid expansion and the
1596 exchanges offers an opportunity to Texas to get a lot of
1597 those people enrolled in coverage. And we welcome Texas'
1598 involvement with us and a partnership with us as many, many,
1599 many states have to develop a marketplace that is best suited
1600 to the needs of the people in Texas.

1601 Mr. {Murphy.} The gentleman's time has expired.

1602 Mr. {Olson.} And I yield back. Thank you, sir.

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1603 Mr. {Murphy.} Thank you.

1604 I now turn to the gentlelady from Florida, Ms. Castor,
1605 for 5 minutes.

1606 Ms. {Castor.} Well, thank you, Chairman Murphy and
1607 Ranking Number DeGette, for calling this hearing because I
1608 think it is very important that we have substantial oversight
1609 of the implementation of the Affordable Care Act. The good
1610 news is that, so far, families across America have seen vast
1611 improvements already even before the marketplaces are set up
1612 and people are enrolling in health insurance. You know, some
1613 of the ones that are popular in my community, young people
1614 aged 26 now can stay on their parents' insurance. That has
1615 meant a meaningful change to over 3 million young people
1616 across America.

1617 Medicare has gotten better; it has gotten stronger.
1618 Whether it is your prescription drugs that are more
1619 affordable or those new preventive services when you go in
1620 for checkups, that is a very meaningful change for our
1621 parents and grandparents.

1622 And then the one that doesn't get as much attention but
1623 should be the rebates that have come back from insurance

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1624 companies. In the State of Florida alone, 1.2 million
1625 Florida families have gotten an insurance rebate because of
1626 the terms of the Affordable Care Act that say, you know, when
1627 you pay your premiums and your copay, that money should go to
1628 actual healthcare and health insurance rather than profits
1629 and marketing and CEO salaries. That has brought back to the
1630 State of Florida \$123 million right back into the pockets of
1631 Florida families at a time when they could really use those
1632 extra couple hundred dollars. So thank you for that.

1633 And now we are on the cusp of such a positive change for
1634 families across America, so many that have not had access to
1635 those important doctor visits or being able to call the nurse
1636 and get the checkups that they need or, with a chronic
1637 condition, get the significant health services that they
1638 need.

1639 So, Mr. Cohen, I want to ask you about the outreach
1640 efforts, especially the navigators. We have talked little
1641 bit about that already today. This is going to be a very
1642 substantial effort as HHS begins the outreach rollout, how
1643 you inform families about signing up, how you educate
1644 families and small businesses about their insurance options.

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1645 I know that some are concerned that some of the Affordable
1646 Care Act dollars are going to fund these outreach efforts,
1647 but how else are we going to educate everyone? I think it is
1648 all hands on deck. We need the insurance companies here. We
1649 need community groups, community health centers, doctors,
1650 nurses, and what I hear at home is everyone is ready to join
1651 in this effort.

1652 But could you talk about--kind of set the stage for
1653 this? We have 50 million uninsured in this country. People
1654 are hungry for information, wouldn't you agree? Could you
1655 talk about, right here at the outset, what you are going to
1656 be doing in the coming months?

1657 Mr. {Cohen.} Thank you. I would be happy to. First of
1658 all, as you mentioned, the \$54 million for grants to
1659 community organizations and church groups and Indian tribes
1660 and other groups to serve as navigators, we have--we are
1661 allocating that money based on the number of uninsured in
1662 each State. So we are going to try to put that money where
1663 we need it the most.

1664 In addition to that, there is going to be a--sort of a
1665 media campaign, you know, just sort of to get people to

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1666 understand more about the law and the benefits that it can
1667 bring to them. And we will be directing people to go online
1668 to healthcare.gov where, beginning in June, the call center
1669 will be up and healthcare.gov will be--change its focus to
1670 really be a consumer site that will be there to provide
1671 information to consumers and help them get ready for the
1672 steps that they will need to take beginning in October for
1673 enrollment.

1674 And as you mentioned, I am hearing a tremendous amount
1675 of excitement out there in the community from foundations,
1676 from the insurance companies that, obviously, have a real
1677 incentive to get people to come buy their products. So I
1678 think there is going to be a--really a multifaceted effort to
1679 make sure that people know what is in store for them.

1680 Ms. {Castor.} And looking at the States that have such
1681 high numbers of uninsured--California, Texas, New Mexico,
1682 Florida--in Florida we have between 20 and 25 percent are
1683 uninsured, do not have health insurance. So these are going
1684 to be critical areas. In many of those areas, English is not
1685 the first language. Could you talk about American citizens
1686 that don't--your outreach in bilingual and diverse

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1687 communities?

1688 And then, I do think it is important to have insurance
1689 agents and brokers involved. If I have a large outreach
1690 event with the community health centers, doctors, nurses, and
1691 I have the brokers there, they are not a navigator--

1692 Mr. {Cohen.} Right.

1693 Ms. {Castor.} --but can they participate in those kinds
1694 of outreach efforts?

1695 Mr. {Cohen.} So thank you. So on the language side,
1696 one of the qualifications for being a navigator is that you
1697 be able to serve people, you know, in cultural and
1698 appropriate ways. And we definitely are expecting to get
1699 applications from groups that are specifically going to
1700 target specific, you know, groups that are not English-
1701 language proficient.

1702 We are working very closely with the agent broker
1703 community. I have had a number of meetings with their trade
1704 associations and with the agents and brokers directly, and we
1705 have come up with a way for agents and brokers to easily be
1706 able to enroll people in--through the marketplaces, and we
1707 are definitely expecting that they will play a very

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1708 significant role, particularly with regard to small business
1709 where--as they do today.

1710 Ms. {Castor.} Thank you very much.

1711 Mr. {Murphy.} The gentleman's time has expired.

1712 I am curious, are you asking for perhaps a written
1713 statement on that? Because I think the chair would like to
1714 know that as well to help our people who may be in other
1715 groups.

1716 Ms. {Castor.} Yes, Mr. Chairman. I think it is very
1717 important. All hands on deck here for enrollment.

1718 Mr. {Murphy.} So you will get back a written response
1719 to the committee on that?

1720 Mr. {Cohen.} Sure.

1721 Mr. {Murphy.} Brief one? Thank you very much.

1722 I now recognize the gentleman from Virginia, Mr.
1723 Griffith, for 5 minutes.

1724 Mr. {Griffith.} Thank you, Mr. Chairman. I was a
1725 little bit surprised that you said people, you know, that you
1726 talked to, there is excitement out there. The excitement
1727 that I am finding in my district is kind of like the
1728 excitement that Mr. Olson found in his district in Texas, is

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1729 that people are scared and they are concerned. And I have
1730 got businessmen who come to me and say I don't know what I am
1731 going to do. Do I lay off, you know, some of my employees in
1732 order to get down under 50? What do I do?

1733 Of course, the Commonwealth of Virginia, which I
1734 represent, has indicated that they are going to have all of
1735 their part-time employees go under 29 hours so that they
1736 won't have to cover them on insurance. And, you know, it is
1737 becoming kind of interesting to see because you have, you
1738 know, people who were promised if you like your insurance,
1739 you can keep it. But just recently, I think within the last
1740 48 hours, a proposal passed in the State of Washington out of
1741 the Senate--it is probably not going to pass the House--but
1742 it passed out of the State of Washington where they currently
1743 cover employees down to 20 hours, but they are going to take
1744 their state employees and move them into the exchanges is the
1745 proposal. Under the plan, they would give them \$2 per hour
1746 bonus and pay that would help defray the premium cost but
1747 they won't be able to keep the insurance they had. And I
1748 wonder what your thoughts are on that, that folks are being
1749 forced out of the plans they like because the States--and

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1750 look, let's face it. If the States can't afford it, a lot of
1751 businesses can afford either. The States are doing things
1752 that are pushing people away from either the number of hours
1753 they work or the insurance that they like and that they had.

1754 Mr. {Cohen.} Well, first of all, you know, the law does
1755 provide that grandfathered plans are not subject to, you
1756 know, most of the provisions of the Affordable Care Act. So
1757 it is possible for employers to keep the plan that they like.
1758 If they had a plan in place before and it is not changed
1759 significantly, they can keep the insurance that they have.

1760 Mr. {Griffith.} Well, the employer can keep it, but in
1761 this case, they are looking at moving the employees off of
1762 that plan and into the exchanges because it will save the
1763 State of Washington \$120 million.

1764 Mr. {Cohen.} Well, you know, obviously I don't know
1765 specifically what is happening in Washington. I think there
1766 are a great number of factors that go into employers'
1767 decisions about how many hours their employees work and how
1768 many employees they employ. Healthcare is certainly one of
1769 those. But we know that under the existing system, which has
1770 been broken, employers have found it difficult or impossible

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1771 to get affordable coverage, particularly with a small
1772 employer. Just one employee who has a serious illness can
1773 drive the cost for that employer to the point where the
1774 employer can no longer afford to provide that coverage. That
1775 can no longer happen under the Affordable Care Act.

1776 Mr. {Griffith.} Well, let me tell you what is going on.
1777 I mean, I will tell you the excitement that you reference is
1778 excitement of the negative, not excitement of the positive.
1779 And I am going to quote now from the Olympian--their .com or
1780 their online publication--because they go on to cite
1781 ``worker-friendly lawmakers''--and talk about that same bill,
1782 but this person was opposed to that bill--``worker-friendly
1783 lawmakers such as Democratic Senator Karen Fraser of Thurston
1784 County called the bill ``premature.'' Why you ask? Again
1785 quoting Senator Fraser, ``because the precise benefits
1786 available under the exchanges are still unknown.'' She said
1787 there is a chance that some workers could not afford coverage
1788 and plunge their families into poverty.

1789 Now, that is a Democratic State Senator in the State of
1790 Washington who fears putting state workers into the exchanges
1791 because they won't be able to afford the coverage. How can

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1792 you tell the American people and how can you tell Senator
1793 Fraser that she is wrong and that she has no reason to be
1794 fearing. Is that the kind of excitement that your hearing?
1795 Because that is the kind of excitement I am hearing in my
1796 district, and, obviously, Senator Karen Fraser of the State
1797 of Washington, a member of the Democratic Party, has that
1798 same fear coming to her from her constituents. How do you
1799 respond to that, sir?

1800 Mr. {Cohen.} Well, I don't know about her particular
1801 concerns, but what I do know is that under the Affordable
1802 Care Act, tax credits will be available to people that will
1803 make insurance coverage more affordable beginning in 2014
1804 than it is today.

1805 Mr. {Griffith.} And that argument was made on the floor
1806 in the State of Washington and Ms. Fraser wasn't convinced.

1807 Thank you, sir. I yield back my time.

1808 Mr. {Murphy.} The gentleman yields back. I now
1809 recognize the gentleman from North Carolina, Mr. Butterfield,
1810 for 5 minutes.

1811 Mr. {Butterfield.} Thank you very much, Mr. Chairman.

1812 Thank you, Mr. Cohen, for coming to be with us today.

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1813 Hopefully, you have brought with you some very important
1814 information that we can all benefit from.

1815 As you may know, I represent a very low-income district
1816 in North Carolina. In my whole State we have about 1-1/2
1817 million people who are uninsured. About 1/3 of those,
1818 500,000 of those, are poor people. And about 10 percent of
1819 those live in my congressional district. And so I have
1820 listened to the questions and answers here today and I can
1821 tell you that in my district--I can't speak for other
1822 districts--but in my district there is a lot of excitement
1823 about the Affordable Care Act. The people that I represent
1824 are looking forward to it, including businesspeople. Those
1825 who are rational, those have taken the time out to study the
1826 benefits of the Affordable Care Act for their business, once
1827 they understand it, most if not all of them are ready to
1828 embrace it.

1829 But I want to just take a few minutes to drill down on
1830 the navigator program, because you know and I know that that
1831 is so critically important. I see the navigator program as
1832 community-based individuals who will go out into the
1833 community and go to untraditional places: barbershops, and

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1834 beauty salons, and even knock on doors to find people who
1835 would qualify for the exchange. Is that correct?

1836 Mr. {Cohen.} That is exactly right.

1837 Mr. {Butterfield.} These are not elitist, these are not
1838 people who will sit behind a desk and push some buttons.
1839 These are people who will actually beat the pavement and go
1840 out and find people, first of all, to inform them about the
1841 benefits of the program.

1842 Mr. {Cohen.} That is right. And ideally, people who
1843 already have a track record and a history of helping people
1844 in those communities.

1845 Mr. {Butterfield.} Will this include knocking on doors,
1846 canvassing neighborhoods?

1847 Mr. {Cohen.} Absolutely.

1848 Mr. {Butterfield.} All right. And when a door is
1849 knocked on and an individual is found who would potentially
1850 qualify for the program, what happens next? I guess there is
1851 an informational session with the individual. But once the
1852 navigator determines that this individual qualifies for
1853 assistance for the tax credits, what happens next? Do you
1854 take them by the hand and take them to some central location

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1855 and process a claim?

1856 Mr. {Cohen.} I mean, ideally, the easiest way to get
1857 people signed up is online. So ideally, navigators would
1858 help folks who may not have access to a computer at home, you
1859 know, go to the community organizations location and help
1860 them through an online process which could be done--

1861 Mr. {Butterfield.} Well, let's divide into two pieces.
1862 Let's say the citizen has a computer in their home. Will the
1863 navigator actually stay in the home, assist the individual
1864 with the application online?

1865 Mr. {Cohen.} They can help them walk through the
1866 application, exactly.

1867 Mr. {Butterfield.} At the request of the individual?

1868 Mr. {Cohen.} Of the person, of course.

1869 Mr. {Butterfield.} Yes. And if the citizen does not
1870 have access to a computer, then the navigator will enable the
1871 individual to go to an office?

1872 Mr. {Cohen.} Ideally, or, you know, people can apply--
1873 there is a paper application and people can apply with a
1874 paper application. So a navigator could sit down with
1875 someone across the kitchen table and go through the

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1876 application and do it that way as well.

1877 Mr. {Butterfield.} Then, will the navigators see it
1878 through to completion? Is there a procedure for making sure
1879 that the individual follows through?

1880 Mr. {Cohen.} There can be a procedure for the navigator
1881 finding out whether--what the result of it has been.

1882 Mr. {Butterfield.} All right. Now, from what I can
1883 gather, if an individual--let's say a single, healthy,
1884 childless adult who makes \$20,000 a year--and that individual
1885 would qualify for tax credits through the exchange. But an
1886 individual who makes \$10,000 year who is single and childless
1887 and healthy would qualify for Medicaid. But if a State has
1888 declined the expansion of Medicaid, the 10,000 individual
1889 will have no access to insurance. Is that correct?

1890 Mr. {Cohen.} They can still go into the exchange.

1891 Mr. {Butterfield.} Even if they are under 100 percent
1892 of the federal poverty line?

1893 Mr. {Cohen.} They could then--they won't be--they--
1894 those people won't be getting a tax credit. You are correct.

1895 Mr. {Butterfield.} But can anyone under 100 percent of
1896 poverty go into exchange?

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1897 Mr. {Cohen.} Yes.

1898 Mr. {Butterfield.} So if makes \$50 a year in income, if
1899 they have the capacity to pay for the exchange, they can go
1900 into it?

1901 Mr. {Cohen.} Correct.

1902 Mr. {Butterfield.} So if a family member wanted to
1903 assist that low-income individual, they could do that?

1904 Mr. {Cohen.} They could do that.

1905 Mr. {Butterfield.} All right. All right. Thank you
1906 very much. I yield back.

1907 Mr. {Murphy.} The gentleman yields back.

1908 I will now go to the gentleman from Ohio, Mr. Johnson,
1909 for 5 minutes.

1910 Mr. {Johnson.} Thank you, Mr. Chairman. Mr. Cohen, has
1911 your office done any analysis of the healthcare law,
1912 ObamaCare's impact on premiums?

1913 Mr. {Cohen.} No.

1914 Mr. {Johnson.} You haven't?

1915 Mr. {Cohen.} No analysis in the sense that--

1916 Mr. {Johnson.} That is great. We are going to have a
1917 fun session here then. So are premiums going up or down for

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1918 the average consumer? You testified earlier that millions of
1919 Americans that don't currently have insurance are going to
1920 have insurance in October under the law.

1921 Mr. {Cohen.} Right.

1922 Mr. {Johnson.} For the average consumer that has
1923 healthcare today, are their premiums going up or down?

1924 Mr. {Cohen.} I think we have to wait and see when the
1925 plans submit their rates--

1926 Mr. {Johnson.} But that is not what the President
1927 promised. The President promised that supporters would see
1928 lower costs. So are people going to see increases or
1929 decreases in their premiums?

1930 Mr. {Cohen.} I think at this point we have to wait and
1931 see what--how the rates come in for 2014. Over time, people
1932 absolutely will see lower costs. As we see more competition
1933 in the system, a broader risk pool, and if you look at the
1934 overall healthcare costs that people have to absorb, giving
1935 tax credits, lower cost-sharing, they will see lower costs.

1936 Mr. {Johnson.} Well, who is going to see lower cost?
1937 What demographics are going to see lower costs? Is it going
1938 to be the young? Is it going to men? Is it going to be

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1939 women? Is it going to be seniors? Who is going to see lower
1940 costs?

1941 Mr. {Cohen.} Well, we know that women today can be
1942 charged up to 50 percent more than men just because they are
1943 women. So yes, women will see lower costs. And we know that
1944 older people can be charged often 5 or 6 times as much
1945 because of their age, and that is going to be limited. So
1946 they will see lower costs.

1947 Mr. {Johnson.} Are anybody's premiums going up?

1948 Mr. {Cohen.} I think we have to wait and see what the
1949 rates look like when they come in.

1950 Mr. {Johnson.} That is a theme that has persisted in
1951 this law. Wait and see. Pass it and then let's see what
1952 happens down the road. Well, I tell you what, that is a
1953 dangerous way to navigate a ship like America's economy.

1954 You know, you also write that these programs will keep
1955 premiums in the individual and small group markets reasonably
1956 priced. What is a reasonable price? Surely, you have got
1957 some idea what a reasonable price is?

1958 Mr. {Cohen.} You know, sitting here today, I could--I
1959 don't have an answer to the question. We can certainly, you

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1960 know, come back. I think what I can say is that we know that
1961 over the last couple of years, health insurance premiums have
1962 been going up at a lower rate than they have been for decades
1963 before. I mean, if--health insurance premiums are going up
1964 by double digits year after year after year. And that is--
1965 hasn't been--

1966 Mr. {Johnson.} But the American people were promised
1967 two things.

1968 Mr. {Cohen.} --over the past couple of years.

1969 Mr. {Johnson.} They were promised that if they like
1970 their current coverage, they could keep it, and that cost
1971 would be lowered. You have just confirmed to me that you
1972 don't know that to be true anymore. You don't know. You are
1973 having to wait and see.

1974 Mr. {Cohen.} For 2014. Over time, you know--

1975 Mr. {Johnson.} Well, I just asked you that. Were
1976 premiums going up or down and you said you don't know.

1977 Mr. {Cohen.} For 2014 we have to wait and see--

1978 Mr. {Johnson.} Okay. Let's look out longer than that.
1979 Are premiums going up or down?

1980 Mr. {Cohen.} I expect that premiums will go down

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1981 relative to what they would have been--

1982 Mr. {Johnson.} For who?

1983 Mr. {Cohen.} --without the Affordable Care Act.

1984 Mr. {Johnson.} For who?

1985 Mr. {Cohen.} For everyone.

1986 Mr. {Johnson.} For everyone?

1987 Mr. {Cohen.} If not for the Affordable Care Act, they
1988 will be going up higher.

1989 Mr. {Johnson.} Okay. So then you must know then what
1990 defines some reasonable cost. If you know they are going
1991 down or you think they are going down, you have got some idea
1992 of what that range is. What is reasonable?

1993 Mr. {Cohen.} The primary factor that goes into what a
1994 healthcare premium is is the cost of medical care, and we all
1995 know that. That is the primary driver of healthcare costs.
1996 So in order to have premiums go--truly go down, we need to
1997 address the cost of medical care. And the Affordable Care
1998 Act and the Administration have a number of different ways
1999 of--

2000 Mr. {Johnson.} Well, we have a very different--

2001 Mr. {Cohen.} --doing that. As far as my program is

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2002 concerned--

2003 Mr. {Johnson.} We have a very different understanding
2004 of what is driving the cost of healthcare because, in my
2005 opinion, what is driving that cost of healthcare up is the
2006 bureaucracy that has now set itself up in Washington to
2007 oversee 1/6 of our economy. I have only got a little bit of
2008 time left.

2009 On the application, one of the questions that the
2010 applicants are asked is, do you think the employer's coverage
2011 is affordable? Do you think the employer's coverage is
2012 affordable? Why do you ask this?

2013 Mr. {Cohen.} It is--

2014 Mr. {Johnson.} What is affordable healthcare in your
2015 opinion?

2016 Mr. {Cohen.} It is defined in the statute. The
2017 question is asked because it is one of the eligibility
2018 requirements and it is defined in the statute as up to--
2019 depending on what your income level is, up to 9.5 percent of
2020 your income.

2021 Mr. {Johnson.} So affordable in your opinion is 9.5,
2022 which is almost 10 percent of a person's income for

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2023 healthcare.

2024 Mr. {Cohen.} It is not my opinion. It is what is in
2025 the law.

2026 Mr. {Johnson.} But what is your opinion of what is
2027 affordable?

2028 Mr. {Cohen.} I don't have an opinion.

2029 Mr. {Johnson.} Well, that is good. Got you. I yield
2030 back.

2031 Mr. {Murphy.} The gentleman's time has expired.

2032 I now go to the gentlelady from Illinois, Ms.
2033 Schakowsky, who is recognized for 5 minutes.

2034 Ms. {Schakowsky.} Well, Mr. Cohen, it is not surprising
2035 that from the Republican side of the aisle the relentless
2036 drumbeat of opposition to the Affordable Care Act, or
2037 ObamaCare as I proudly say, goes on after 33 efforts to
2038 repeal the--or successful to repeal the entire bill.

2039 But I would challenge my colleagues on the other side to
2040 go out and explain to at least some of their constituents--
2041 for example, the parents of children with preexisting
2042 conditions--that they want to take away insurance to them,
2043 that annual and lifetime coverage limits should be

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2044 reinstated, that the rescissions of policies should, once
2045 again, go into place, that all the preventive health services
2046 without cost-sharing ought to go back into effect, that the
2047 young people that are on their parents' policies, forget it,
2048 they are off. You explain that to them, that the medical
2049 loss ratio requiring insurance companies to actually pay for
2050 health coverage should be changed, and tell women that we
2051 think you should be discriminated against. That is a good
2052 idea, that about, I don't know how many billions of dollars
2053 we collectively pay more in health insurance.

2054 And so, you know, you can list 5 problems with the
2055 program and, you know, we can list many, many more good
2056 things. And we would like to work with each other to try and
2057 correct them rather than just complain. No, the program is
2058 not perfect.

2059 I wanted to ask you. We are just months away now from
2060 full implementation of ObamaCare's coverage, and the
2061 Administration has requested additional resources to
2062 implement the law and those requests have been ignored. And
2063 it seems to me the refusal of my Republican colleagues to
2064 appropriate HHS adequate resources to help implement the law

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2065 is limiting our efforts to inform Americans about ObamaCare's
2066 exciting new coverage options.

2067 And let me just say that when the Part D was put into
2068 effect, \$600,000 was spent by the Bush Administration for
2069 blimps to talk about--you know, just for blimps alone. So
2070 could you explain how CCIIO would use additional resources
2071 that the Administration has requested to implement the law,
2072 and how might the refusal to appropriate adequate resources
2073 hinder the ability of consumers to know about October 1?

2074 Mr. {Cohen.} Thank you, Congresswoman. We certainly
2075 would welcome the ability to provide more grants to
2076 navigators out there in the community. We welcome the
2077 ability to do more outreach ourselves to--you know, as you
2078 know, there has been a lot of misinformation about this law.
2079 People, you know, really do need to understand the benefits
2080 of it and what it can do for them. And so with the
2081 President's budget request, we certainly could use that money
2082 to do more outreach into the community and make people--make
2083 sure that people understand what the law is and how it can
2084 benefit them.

2085 Ms. {Schakowsky.} You know, and I would just like to

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2086 say to my colleagues, you talk about the fear in the
2087 districts. And to the extent that there are some problems
2088 with the bill, if we could sit down and work together and
2089 figure out how to make it better, but a lot of that fear is
2090 the misinformation that has been quite deliberately sent out.
2091 You watch Fox; it is hard not to be scared about ObamaCare
2092 and what it might do to you. So I would suggest that the
2093 fear-mongering that is going on about this law, which has now
2094 been upheld by the United States Constitution that will bring
2095 up to 30 million people of the United States of America to be
2096 able to have healthcare, that will help us join the community
2097 of nations in the world that declare that healthcare is a
2098 right of the citizens of their countries. You know, we could
2099 use the help. All of us could use the help. All Americans
2100 could use the help to perfect this legislation.

2101 And I yield back.

2102 Mr. {Murphy.} Thank you. The gentlelady yields back
2103 the balance of her time.

2104 I now recognize the gentleman from Colorado, Mr.
2105 Gardner, for 5 minutes.

2106 Mr. {Gardner.} Thank you, Mr. Chairman.

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2107 Thank you, Mr. Cohen, for your time with us this
2108 morning. And my colleagues said that there is fear-mongering
2109 on this bill but I would just like to point out that I read
2110 an article the other day that the roofers union backtracks on
2111 ObamaCare and wants repeal or reform of the bill. So I don't
2112 think this is right wing fear-mongering. I think when you
2113 have a union that is very concerned about ObamaCare and wants
2114 its repeal or reform, I think that is where we have
2115 significant concerns that must be addressed.

2116 Mr. Cohen, are you familiar with Richard Foster, the
2117 actuary of Medicare?

2118 Mr. {Cohen.} I know who Richard Foster is, sure.

2119 Mr. {Gardner.} Are you familiar with testimony that he
2120 gave before the House of Representatives Budget Committee a
2121 year ago or so?

2122 Mr. {Cohen.} Generally, but not specifically, no.

2123 Mr. {Gardner.} In that testimony he talked about the
2124 two central promises of the healthcare law that were unlikely
2125 to be fulfilled: one, that the bill will not hold costs down;
2126 and two, that it won't let everybody keep the current
2127 insurance if they like it. Would you agree with that

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2128 assessment?

2129 Mr. {Cohen.} Well, I think, as I said, I do believe

2130 that costs will be down relative to where they would have

2131 been without the Affordable Care Act--

2132 Mr. {Gardner.} So that is an increase then.

2133 Mr. {Cohen.} Well, if medical costs increase, then the

2134 cost of insurance is going to increase. But at least--

2135 Mr. {Gardner.} So that the promise--

2136 Mr. {Cohen.} --people will have--

2137 Mr. {Gardner.} --was made that it would keep costs

2138 down.

2139 Mr. {Cohen.} Well, it will keep costs down relative to

2140 what they would have been without the law and at least people

2141 will have the security--

2142 Mr. {Gardner.} So what you are saying is that we will

2143 expect, then, costs to increase?

2144 Mr. {Cohen.} At least people will have the security of

2145 knowing that if they have a serious illness, their care will

2146 be paid for, which they don't have today.

2147 Mr. {Gardner.} We are talking about cost increases.

2148 Mr. {Cohen.} Well, for someone who has never been able

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2149 to have health insurance before, to talk about an increase--

2150 Mr. {Gardner.} What about the person who has health

2151 insurance. Are they going to experience cost increases?

2152 Mr. {Cohen.} I think it is going to depend on the

2153 individual situation. There are factors that will cause

2154 costs to go down; there are tax credits that are available.

2155 Mr. {Gardner.} Are you insured through the federal

2156 system or do you have outside insurance?

2157 Mr. {Cohen.} I am insured through the federal system.

2158 Mr. {Gardner.} Has your insurance gone down or gone up?

2159 Mr. {Cohen.} You know, I don't even remember what

2160 happened. I think we had a small increase this year.

2161 Mr. {Gardner.} So--

2162 Mr. {Cohen.} But we have had lower increases in the

2163 last 2 years than we have had for a long time before that.

2164 Mr. {Gardner.} So what kind of--

2165 Mr. {Cohen.} The fact that health insurance goes up is

2166 not new. I mean, that is--health insurance has been--

2167 Mr. {Gardner.} But I think the promise that was--

2168 Mr. {Cohen.} --going up year after year after year

2169 after year.

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2170 Mr. {Gardner.} --made in the healthcare bill, if I am
2171 not mistaken, the promise was made that this would lower the
2172 cost of healthcare.

2173 Mr. {Cohen.} Well, I think it will relative to where it
2174 would have been without the law.

2175 Mr. {Gardner.} So this is kind of like the Washington
2176 two-step when we say we are cutting budgets but you are
2177 actually decreasing the rate of an increase. Is that what
2178 you are saying ObamaCare has done?

2179 Mr. {Cohen.} I am saying that I believe that healthcare
2180 insurance--and if you look at the total out-of-pocket costs
2181 that people have to absorb--will be lower than it would have
2182 been without the law, yes.

2183 Mr. {Gardner.} So that is an increase in costs because
2184 if it is going to be--

2185 Mr. {Cohen.} It may or it may not be, depending on--

2186 Mr. {Gardner.} What is an acceptable increase? I mean--
2187 -

2188 Mr. {Cohen.} I mean for--

2189 Mr. {Gardner.} --what are you anticipating under this
2190 healthcare bill?

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2191 Mr. {Cohen.} For women who have had to pay 50 percent
2192 more than men, you know, the effect will be to reduce their
2193 costs. For people who have had to pay out-of-pocket for all
2194 that medical care--

2195 Mr. {Gardner.} But reduce their cost, even though their
2196 costs increase from year to year? It is just what you are
2197 saying is that, oh, it might not increase as much.

2198 Mr. {Cohen.} I think it is going to depend on a number
2199 of factors, including the underlying costs of medical care.

2200 Mr. {Gardner.} Well, let me ask you this then: will
2201 ObamaCare reduce the cost of healthcare?

2202 Mr. {Cohen.} It will relative to what it would have
2203 been without the law, yes.

2204 Mr. {Gardner.} But you are saying then that healthcare
2205 will increase?

2206 Mr. {Cohen.} That will depend on factors that are
2207 external to the Affordable Care Act. It will depend on--

2208 Mr. {Gardner.} Well, maybe--

2209 Mr. {Cohen.} --the costs of healthcare.

2210 Mr. {Gardner.} --I am not asking my question very
2211 clear.

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2212 Mr. {Cohen.} Yeah.

2213 Mr. {Gardner.} Will healthcare costs be less next year
2214 after the implementation of this bill?

2215 Mr. {Cohen.} I think that will depend on--

2216 Mr. {Gardner.} Yes or no.

2217 Mr. {Cohen.} I think--I can't answer the question. I
2218 don't know is going to happen next year.

2219 Mr. {Gardner.} So we don't know whether or not the--

2220 Mr. {Cohen.} I don't know what is going to happen to
2221 the underlying cost of medical care.

2222 Mr. {Gardner.} Well, what about insurance--

2223 Mr. {Cohen.} What doctors charge--

2224 Mr. {Gardner.} --that people--

2225 Mr. {Cohen.} --what hospitals charge, what--

2226 Mr. {Gardner.} Well, what about insurance that people
2227 like? If they have their insurance and they want to keep it,
2228 are they going to be able to?

2229 Mr. {Cohen.} They can if they are in a grandfathered
2230 plan and the plan doesn't change significantly, they can keep
2231 that coverage and it is not affected by the Affordable Care
2232 Act.

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2233 Mr. {Gardner.} So you are saying that, right now,
2234 people across this country who have been told they are not
2235 going to be able to keep their insurance, they are being
2236 misinformed?

2237 Mr. {Cohen.} They are misinformed if they don't
2238 understand that if they are in a plan that was grandfathered,
2239 as many people are, that they could keep that coverage, then
2240 yes, they are misinformed.

2241 Mr. {Gardner.} So if the employer switches the plan
2242 because of this healthcare bill, then they get to keep their
2243 old healthcare?

2244 Mr. {Cohen.} Employers can keep their employees in a
2245 grandfathered plan and not be affected by the provisions of
2246 the Affordable Care Act, yes.

2247 Mr. {Gardner.} Do you know which plans were
2248 grandfathered? And if the healthcare bill requires them to
2249 change the plans, though, doesn't that mean that they are
2250 going to lose the healthcare?

2251 Mr. {Cohen.} No, no, no, the healthcare doesn't--law
2252 doesn't require them to change the plans. That is the whole
2253 point of being grandfathered. You don't have to change it if

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2254 you are in a grandfathered plan.

2255 Mr. {Gardner.} So these employers will never have to
2256 change their healthcare plan that they are offering?

2257 Mr. {Cohen.} As long as the plan does not change
2258 significantly in terms of the benefits that they offer. If
2259 they keep the benefits the same--

2260 Mr. {Gardner.} Or what is required by the healthcare
2261 bill.

2262 Mr. {Murphy.} Time is expired.

2263 Mr. {Cohen.} Then, they can keep a grandfathered plan
2264 and they don't have to comply with the provisions of the
2265 Affordable Care Act. That is what grandfathering means.

2266 Mr. {Murphy.} Thank you. The gentleman's time is
2267 expired.

2268 Now, I will recognize the gentleman from Missouri, Mr.
2269 Long, for 5 minutes.

2270 Mr. {Long.} Thank you, Mr. Chairman.

2271 And Mr. Cohen, thank you for being here today. But I
2272 have got to say that if Rod Serling walked through that door
2273 right there, I wouldn't be surprised because he could walk in
2274 here and say you have now entered the Twilight Zone. There

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2275 cannot be so much difference in interpretation, I don't
2276 think, other than it is inexplicable. It is Twilight Zonish
2277 if that is a word. We have friends of mine on the other side
2278 of the aisle, a good friend that just spoke a minute ago, Ms.
2279 Schakowsky. She, to paraphrase her, said on the Republican
2280 side of the aisle, there is relentless drumbeat of opposition
2281 to the President's healthcare plan. And my other very good
2282 friend over there, Gene Green, said something to the effect
2283 of people across America have seen vast improvements in their
2284 healthcare. And I think from the questions you have seen
2285 today, that is not what some of us are hearing.

2286 So I want to start with a couple of yes-or-no answers if
2287 I may on some things some Democrats have said, see if you
2288 agree with them. Democratic Senator Max Baucus said, ``I
2289 just see a huge train wreck coming down because of bumbling
2290 implementation.'' Yes or no, do you agree with that?

2291 Mr. {Cohen.} I do not agree with that.

2292 Mr. {Long.} Let's move to another Democrat Senator.
2293 Let's move to Tom Harkin. Senator Tom Harkin--and Mr. Cohen,
2294 yes or no--do you agree with Senator Harkin that this
2295 Administration should not be rating the Prevention Fund for

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2296 funding exchange expenditures?

2297 Mr. {Cohen.} Congressman, I really am not going to
2298 express a view on that. That is not a decision I made. It
2299 is not--

2300 Mr. {Long.} You can't answer a yes-or-no question--

2301 Mr. {Cohen.} I can't answer--

2302 Mr. {Long.} --whether you agree with a statement--

2303 Mr. {Cohen.} I can't answer that---

2304 Mr. {Long.} --that a Democrat Senator made?

2305 Mr. {Cohen.} I can't.

2306 Mr. {Long.} You can't--

2307 Mr. {Cohen.} I don't have--

2308 Mr. {Long.} --or you don't want to--

2309 Mr. {Cohen.} I--

2310 Mr. {Long.} --or you don't know if you agree--

2311 Mr. {Cohen.} I don't have a view.

2312 Mr. {Long.} You don't have a view whether you agree

2313 with a statement that a Senator made?

2314 Mr. {Cohen.} I don't.

2315 Mr. {Long.} I really don't know what to say. I guess I

2316 will wait for Rod Serling to come through the door.

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2317 Mr. {Cohen.} That would be the second coming of Rod
2318 Serling I think. I think he passed away--

2319 Mr. {Long.} The way things have been going here, I
2320 wouldn't doubt it. I mean I could see it happening.

2321 This morning, according to POLITICO Pro's whiteboard,
2322 Senator Tom Harkin blasted HHS Secretary Kathleen Sebelius at
2323 a hearing this morning. It was after we had started this
2324 hearing--blasted Sebelius for using Prevention Fund money to
2325 pay for insurance navigator saying the Obama Administration
2326 is treating preventive care as an afterthought. To quote the
2327 Senator, ``I am sorry to say this Administration just doesn't
2328 get it.'' And this is a Democrat. This is not the
2329 Republican's drumbeat. First of all, it was a \$5 billion
2330 raid last year on Prevention Funds, Harkin said, referring to
2331 the payroll tax extension Barack Obama signed into law last
2332 year that cut \$5 billion from the Prevention Fund. This
2333 year, it is another \$332 million raid. It is sort of like
2334 the Prevention Fund is sort of an afterthought.

2335 I am going to ask you one more time. Do you agree with
2336 Senator Harkin that this Administration should not be raiding
2337 the Prevention Fund for funding exchange expenditures, yes or

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2338 no?

2339 Mr. {Cohen.} You know, I would have been happy if
2340 Congress had appropriated funding for us to do the work that
2341 we need to do and, you know, that didn't happen. And so the
2342 Secretary made decisions under her authority. And I don't
2343 have an opinion one way or the other as to those decisions,
2344 no.

2345 Mr. {Long.} Who would you direct me to? Let's say for
2346 a minute that I have staff that come to me and say we are a
2347 little confused. What is our healthcare going to cost
2348 starting 2014? What government agency would you direct me to
2349 to get their questions answered, what they are going to be
2350 paying for their healthcare next year, my staff?

2351 Mr. {Cohen.} Well, if your staff is covered by the
2352 federal program, then I think the information that they would
2353 want to get would be from the program that administers their
2354 healthcare.

2355 Mr. {Long.} What government agency?

2356 Mr. {Cohen.} FEHB or whoever--whatever coverage they
2357 have.

2358 Mr. {Long.} OPM maybe?

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2359 Mr. {Cohen.} Could be.

2360 Mr. {Long.} Well, we have tried relentlessly because I
2361 have--well, you laugh at it but--

2362 Mr. {Cohen.} No, no--

2363 Mr. {Long.} --my staff is not laughing and it is a very
2364 serious concern for me. When you have staffers on this Hill
2365 that have got college educations, some of them have law
2366 degrees, and they are living two and three people to an
2367 apartment because the cost of living up here to get by, and
2368 they come to me with a legitimate question on what they are
2369 going to be paying next year. They are thinking about
2370 leaving government service. They are thinking about taking
2371 jobs other places. It is a very serious thing so we have
2372 tried and tried and tried to get the answer on what they are
2373 going to be paying. OPM cannot tell us.

2374 Mr. {Cohen.} No, and I don't mean to minimize that,
2375 Congressman. I was only smiling because I can't help with
2376 OPM obviously. I wish I could but I can't.

2377 Mr. {Long.} I gave Rod Serling 5 minutes and he didn't
2378 make it, so I yield back.

2379 Mr. {Murphy.} The gentleman's time is expired.

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2380 And I recognize the gentlewoman from North Carolina,
2381 Mrs. Ellmers, for 5 minutes.

2382 Mrs. {Ellmers.} Thank you, Mr. Chairman.

2383 And thank you, Mr. Cohen, for being with us today. I do
2384 have to go back and just reiterate some of the points that
2385 have already been made and just get some clarification from
2386 you. One, going back to the closing of the Pre-Existing
2387 Insurance goes, now, it is April. When was that closed?

2388 Mr. {Cohen.} It was closed for the federal program in
2389 February and for the state programs in March.

2390 Mrs. {Ellmers.} Okay. And so those individuals who
2391 would be utilizing those dollars for their preexisting
2392 condition coverage will not be able to do so until January 1?

2393 Mr. {Cohen.} New enrollees--the existing enrollees are
2394 unaffected but new people who would be coming into the
2395 program will not be able to come into the federal--into the
2396 PCIP program unless we are able to--yes, until January.

2397 Mrs. {Ellmers.} After January--

2398 Mr. {Cohen.} January they can--

2399 Mrs. {Ellmers.} --as it is right now.

2400 Mr. {Cohen.} As it is right now, correct.

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2401 Mrs. {Ellmers.} Okay. You know, this is the confusing
2402 part about it because especially my, you know, colleagues
2403 across the aisle continuously try to paint us--us meaning
2404 Republicans here on the other side--as the ones who are
2405 interfering with anyone getting preexisting coverage and, you
2406 know, looking at it from an unsympathetic standpoint.
2407 However, this program has been cut off and they support that,
2408 and here we are attempting to pass legislation to actually
2409 help those individuals. I am just--

2410 Ms. {Schakowsky.} So are we. Will the gentlewoman
2411 yield?

2412 Mrs. {Ellmers.} This is my time. You had your time.

2413 You know, I am perplexed by that and you clarified that
2414 for me. I just wanted to make sure that we clarified that we
2415 are talking about months of time that individuals will go
2416 without that care.

2417 Also, for clarification purposes, in the discussion that
2418 you were having with Mr. Johnson and then also with Mr.
2419 Gardner, you stated that as of January 1, 2014, that
2420 healthcare premiums will go down. Is that correct?

2421 Mr. {Cohen.} No, what I think I said--what I believe is

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2422 that, first of all, we don't know yet what premiums are going
2423 to be for coverage in January of '14 because plans are just
2424 now submitting those rates to their state insurance
2425 departments for approval to the exchanges of--with respect
2426 to--

2427 Mrs. {Ellmers.} Okay. But, sir, that was not the
2428 promise. The promise that was made continuously when this
2429 was being implemented was that healthcare premium costs would
2430 go down. And so I am asking you under oath today as you see
2431 it--so you are no longer standing behind that statement? You
2432 are now saying that we do not know and probably more than
2433 likely seeing healthcare insurance premiums going up. Is
2434 that correct?

2435 Mr. {Cohen.} No, that is not correct. What I think I
2436 said was that for 2014 we need to wait to see how the rates
2437 come in, and over time, I believe that the Affordable Care
2438 Act will result in lower overall cost of--

2439 Mrs. {Ellmers.} And what--

2440 Mr. {Cohen.} --healthcare for people--

2441 Mrs. {Ellmers.} Okay. Sir, what do you base that on?
2442 Because CBO has done, you know, a culmination of studies,

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2443 which showed--and I will just cite North Carolina--that North
2444 Carolina healthcare premium rates will go up by 61 percent.
2445 So what are you basing your data? And if you do have studies
2446 that show this, I would like for you to submit them to the
2447 Subcommittee.

2448 Mr. {Cohen.} I am basing it on the increased
2449 competition that will exist in the new marketplace compared
2450 to what we have today where, in many States--

2451 Mrs. {Elmers.} But that could exist--

2452 Mr. {Cohen.} --there--

2453 Mrs. {Elmers.} --with or without the Affordable Care
2454 Act going into effect. You know, we in Congress could enact
2455 many, you know, pieces of legislation and are working on just
2456 that, to help increase competition--

2457 Mr. {Cohen.} Well--

2458 Mrs. {Elmers.} --amongst the healthcare providers.

2459 Mr. {Cohen.} Well, it could, Congresswoman, but in most
2460 States today--in many States today, the individual and small
2461 group markets are dominated by one carrier that has 60, 70,
2462 80, even 90 percent of the market. That is the reality
2463 today.

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2464 Mrs. {Ellmers.} And that could be--

2465 Mr. {Cohen.} And that is what we are--

2466 Mrs. {Ellmers.} --easily remedied.

2467 Mr. {Cohen.} --going to change.

2468 Mrs. {Ellmers.} That could be easily remedied with

2469 legislation. We don't need this massive takeover of

2470 healthcare, increasing rates by 61 percent for those who I

2471 represent in North Carolina. You know, there again, I would

2472 really hope that you would be able to gather some data and

2473 again under oath you are basically saying I am incredibly

2474 unclear as to what will happen with healthcare rates as of

2475 2014.

2476 Mr. {Cohen.} For most Americans, the millions of

2477 Americans who are covered by insurance through their employer

2478 that is in a large group, they are not going to see an effect

2479 from the Affordable Care Act one way or another--

2480 Mrs. {Ellmers.} Okay. Well, my time--

2481 Mr. {Cohen.} --so that their--

2482 Mrs. {Ellmers.} --is up and I don't understand even

2483 what you base that on.

2484 Mr. {Murphy.} If I could ask the gentleman, you asked a

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2485 question about while he was under oath about prices going up
2486 or not going up and you didn't get a chance to answer that
2487 question, so I am going to give you a moment to answer that
2488 question with regard to you previously stated about prices
2489 not going up, you said you couldn't guarantee that and you
2490 were going to elaborate on that statement.

2491 Mr. {Cohen.} I think--

2492 Mr. {Murphy.} Do you recall?

2493 Mr. {Cohen.} --we have lost the thread.

2494 Mr. {Murphy.} All right.

2495 Ms. {DeGette.} Mr. Chairman, let me ask.

2496 Mr. Cohen, did you ever say that--

2497 Mrs. {Blackburn.} Mr. Chairman, I think I am next in
2498 the queue--

2499 Mr. {Murphy.} It is.

2500 Mrs. {Blackburn.} --if you don't mind before you go to
2501 a second round.

2502 Ms. {DeGette.} I would ask unanimous consent to--
2503 listen, the previous questioner advised the witness he was
2504 under oath and then asked him a question and refused to let
2505 him finish answering that question, and I think that is

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2506 inappropriate for this hearing.

2507 Mr. {Murphy.} No, I just asked if he would like--

2508 Ms. {DeGette.} And so, Mr. Chairman, I think that the

2509 witness should be allowed to complete his answer.

2510 Mr. {Murphy.} I just did that and--

2511 Mr. {Cohen.} Well, I am not sure what the question was--

2512 -

2513 Ms. {DeGette.} Right.

2514 Mr. {Cohen.} --that is my problem.

2515 Mrs. {Ellmers.} I will be more than happy to restate my

2516 question if that will help.

2517 Mr. {Murphy.} Can I ask if you could submit that

2518 question--

2519 Ms. {DeGette.} I think it is--

2520 Mr. {Murphy.} --for the record and--

2521 Ms. {DeGette.} --wrong for members of this committee to

2522 try to put the witnesses in a perjury trap--

2523 Mr. {Murphy.} That is why I am--

2524 Ms. {DeGette.} --when they come in here--

2525 Mrs. {Ellmers.} No, ma'am.

2526 Ms. {DeGette.} --and they are trying to help this

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2527 committee--

2528 Mrs. {Elmers.} No, ma'am.

2529 Ms. {DeGette.} --understand.

2530 Mrs. {Elmers.} I am clearly restating that the

2531 gentleman is under oath and that he was not answering the

2532 question was--

2533 Ms. {DeGette.} Well, get him--

2534 Mr. {Murphy.} Order here. What I would like to ask is

2535 if the gentlelady would submit that question and we will ask

2536 Mr. Cohen--

2537 Mr. {Cohen.} I would be happy--

2538 Mr. {Murphy.} --to submit it for the record.

2539 Mr. {Cohen.} --to answer for the record. Thank you.

2540 Mr. {Murphy.} That way we will be sure what exactly

2541 what you were asking, Ms. Elmers, and sure of your answer.

2542 Mr. {Cohen.} Thank you.

2543 Mr. {Murphy.} Thank you so much.

2544 Recognize the gentlelady from Tennessee for 5 minutes.

2545 Mrs. {Blackburn.} Thank you, Mr. Chairman.

2546 And sir, you have been patient with us and we do

2547 appreciate it.

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2548 I want to go to your statement you made I think in
2549 response to Mr. Harper's question about over time you thought
2550 the insurance cost would come down. And this is something
2551 that I always watch very closely because I am out of
2552 Tennessee, and you are probably familiar with the program
2553 TennCare, and I know I have worn out all of my committee
2554 members here talking about TennCare and asked Secretary
2555 Sebelius about it repeatedly. And I just want to let you
2556 know that it seems from what we have found, what I have found
2557 in my research--and I have been working on this since we got
2558 TennCare--as a test case for Hillarycare in 1995. And bear
2559 in mind, it quadrupled in cost over a 5-year period of time.

2560 But sir, what we found is there is no example where
2561 these near-term expenses are going to yield a long-term
2562 savings in healthcare. And if you do have those examples, I
2563 would love to see them because through all of this debate of
2564 ObamaCare, nobody has been able to show one, not with public
2565 option care, not with guaranteed issue, not with community
2566 rating, not with any of this in New Jersey or Tennessee or
2567 Hawaii or anywhere else, not with any of these CMS waiver
2568 programs. There is no example where you decrease cost, you

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2569 increase access, and you get better outcomes. So if you can
2570 prove us wrong on that, then, you know, feel free to bring
2571 forward an example. Do you have an example?

2572 Mr. {Cohen.} Congresswoman, I think for the person
2573 today who doesn't have health insurance coverage and doesn't
2574 know how they are going to pay their medical bills and
2575 worries about going into bankruptcy because their child is
2576 sick, I think for that person, a lot of this discussion is
2577 really irrelevant. And we--and that is what we are going to
2578 change.

2579 Mrs. {Blackburn.} Okay. Let me ask you this. I want
2580 to ask you a question about the navigators. Is it true that
2581 the navigators cannot have healthcare or health insurance
2582 experience?

2583 Mr. {Cohen.} No.

2584 Mrs. {Blackburn.} That is not true?

2585 Mr. {Cohen.} That is not true.

2586 Mrs. {Blackburn.} Okay. Because that has been part of
2587 the understanding that is out there.

2588 Also, on your increased competition theory, I have got
2589 to tell you, what we have seen in Tennessee when you have

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2590 government control, when it is government control, that is
2591 what runs people out of the marketplace.

2592 Mr. {Cohen.} Well, this isn't government control. This
2593 is a commercial marketplace with--

2594 Mrs. {Blackburn.} I beg to differ--

2595 Mr. {Cohen.} --private insurance carriers--

2596 Mrs. {Blackburn.} --with you. Let me--

2597 Mr. {Cohen.} --providing coverage to people.

2598 Mrs. {Blackburn.} --give you a few examples of what is
2599 happening in Tennessee. Yesterday, of course, the rate
2600 filings in Maryland shows that small group coverage increases
2601 are going to go up 145 percent. And we have got examples in
2602 Tennessee that we have been polling our companies for this
2603 year and next year. This year, they are going up anywhere
2604 from 26 percent to 132 percent. We are seeing 40 and 50
2605 percent increases expected for next year. In the young adult
2606 population, the survey we have here at Energy and Commerce
2607 Committee is looking at 145 to 185 percent. Families have
2608 already seen their insurance go up \$3,000 per family since
2609 this law was passed. So what do I tell people that are
2610 coming to my town halls and saying but the President promised

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2611 my premium was going to go down \$2,500 a year. What do we
2612 tell these people?

2613 Mr. {Cohen.} I think you tell them that they should
2614 shop on the marketplace to find the plan that is best for
2615 their family and is the most affordable for them. And that
2616 is what we expect to be able to provide for people.

2617 Mrs. {Blackburn.} But it is going to cost them more.

2618 Mr. {Cohen.} I think healthcare costs have been going
2619 up year after year after year long before we ever had
2620 ObamaCare, so it has nothing to do with--the fact that the
2621 costs go up--

2622 Mrs. {Blackburn.} The percentage is--

2623 Mr. {Cohen.} --isn't--

2624 Mrs. {Blackburn.} --greater, and I think that you
2625 probably are aware of that. Do you believe that the
2626 increases are tied to the taxes and the mandates in
2627 ObamaCare? Do you believe that that is any of the driver?

2628 Mr. {Cohen.} The impact of the taxes on healthcare
2629 premiums is very small by all accounts.

2630 Mrs. {Blackburn.} \$165 billion is small?

2631 Mr. {Cohen.} The impact on premiums of the taxes is

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2632 very small.

2633 Mrs. {Blackburn.} You think that \$165 billion of new
2634 taxes has a small impact on premiums. What do you call--

2635 Mr. {Cohen.} And--

2636 Mrs. {Blackburn.} --large?

2637 Mr. {Cohen.} And we are going to have--

2638 Mrs. {Blackburn.} How would you classify small and
2639 large?

2640 Mr. {Cohen.} We have a reinsurance program that is
2641 going into effect that is estimated to reduce premiums from
2642 what they otherwise would have been by 10 or 15 percent.

2643 Mrs. {Blackburn.} Let me ask you a little bit about
2644 that. I would like to know if you find it odd or ironic that
2645 we are now subsidizing insurance purchase while at the same
2646 time we are making insurance more expensive by the mandates
2647 and taxes that are being piled on this? Thus, we have got
2648 increasing subsidies and we are putting taxpayers on the hook
2649 for even higher federal spending. Do you find that odd or
2650 ironic?

2651 Mr. {Cohen.} I think that Americans are paying for the
2652 cost of uncompensated care today. When people show up at the

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2653 emergency room and they don't have coverage and they get

2654 treatment, those costs have to be passed on to all--

2655 Mrs. {Blackburn.} So you are comfortable--

2656 Mr. {Cohen.} --businesses--

2657 Mrs. {Blackburn.} --with the costs going up?

2658 Mr. {Cohen.} --so we are going to--

2659 Mrs. {Blackburn.} I yield back.

2660 Mr. {Cohen.} We are going to move to a system where we

2661 have much more insurance coverage. We are going to spread

2662 the cost over more people, and that will be to the benefit of

2663 all Americans.

2664 Mr. {Murphy.} I thank the gentlelady from Tennessee. I

2665 might also add on that issue of uncompensated care, I hope

2666 that is an area you will submit more questions for the record

2667 so we will have those.

2668 I ask unanimous consent that the written opening

2669 statements of members be introduced into the record of those

2670 who wish that. And without objection, the documents will be

2671 entered in the record.

2672 [The information follows:]

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2673 ***** COMMITTEE INSERT *****

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|
2674 Mr. {Murphy.} And in conclusion, I would to thank all
2675 the witnesses and members that participated in today's
2676 hearing, which would be you, Mr. Cohen. I remind members
2677 they have 10 business days to submit those other questions
2678 for the record, and I ask that Mr. Cohen will respond
2679 promptly to our questions.

2680 I appreciate you being here today. I am sure we will be
2681 seeing you again soon. Thank you very much.

2682 Mr. {Cohen.} Thank you.

2683 Mr. {Murphy.} The committee is adjourned.

2684 [Whereupon, at 12:05 p.m., the subcommittee was
2685 adjourned.]