



OFFICE OF  
INSURANCE COMMISSIONER

October 19, 2015

The Honorable Joseph R. Pitts  
Chairman, U.S. House Subcommittee on Health  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Pitts:

Thank you for the opportunity to testify before the Subcommittee on Health on September 9, 2015 regarding the "Protecting Affordable Coverage for Employees" act. Please accept the following responses to the questions submitted by Representative Marsha Blackburn:

**1. Do you know how many businesses or individuals in your state obtained insurance employer payment plans (sometimes referred to as health reimbursement accounts)?**

The Washington state Office of Insurance Commissioner estimates that approximately 6,000 employees were enrolled in health reimbursement accounts (HRAs) in Washington state in 2015. I stress that this is an estimate as our office does not track data on HRAs. We base our estimate on the Kaiser Family Foundation 2015 Employer Health Benefits Survey. This national survey indicates that nine percent of employees in businesses sized 3-199 have an HRA. Since employers with fewer than 50 employees are less likely to offer an HRA, due to a higher prevalence of part-time workers, we calculated that for employees of firms under 50 employees, the enrollment would be closer to five percent.

**2. Does prohibiting employer payment plans and reimbursement for individual plans, like through an HRA, mean more or fewer choices for small businesses and individuals?**

In my testimony to the Subcommittee on Health, I reported that the small group market in Washington state is continuing to increase in the number of employees enrolled and in the number of plans being offered to small groups. We have seen similar increases in the individual market. Rate increases for 2016 averaged only 4.5 percent. This indicates there has been an increase in the number of choices for small businesses and individuals since the implementation of the Affordable Care Act (ACA).

There are still some very small employers that likely cannot afford to purchase insurance for their employees at this time, but still want to assist their employees. Continuing the ability for these employers to participate in HRAs could keep that option available for these employers and help their employees obtain and maintain enrollment in health insurance coverage. However, to

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continue to grow and maintain a robust and affordable small group market, the continuation of HRAs should be limited to truly small employer groups (e.g. those with 25 and fewer employees).

**3. Do you believe these businesses will add an expensive group benefit or drop assistance altogether?**

In Washington state, we have been successful at keeping the cost of health insurance in the small group market down and have continued to see growth in enrollment and in the number of plans offered. The increased number of plans being offered should increase options and also slow premium cost increases for small employers due to the increasing competition in the market. Certainly some employers may find insurance too costly and drop coverage. I cannot predict the number of employers that may choose that route. The option of allowing very small businesses to continue providing an HRA, as discussed previously, could be one method to preserve coverage for some employees and provide an additional option for very small employers to contribute to coverage.

Again, thank you for the opportunity to testify before the Subcommittee on Health and to provide this additional information.

Sincerely,



Mike Kreidler  
Insurance Commissioner

