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THURSDAY, AUGUST 1, 2013

House of Representatives,
Committee on Energy and Commerce,
Washington, D.C.

The committee met, pursuant to call, at 10:05 a.m., in Room 2123, Rayburn House Office Building, Hon. Fred Upton [chairman of the committee] presiding.

Present: Representatives Upton, Hall, Barton, Whitfield, Shimkus, Pitts, Terry, Murphy, Burgess, Blackburn, Gingrey, Scalise, Latta, Harper, Lance, Cassidy, Guthrie, Olson, Gardner, Pompeo, Kinzinger, Griffith, Bilirakis, Johnson, Long, Ellmers, Waxman, Dingell, Rush, Eshoo, Engel, Green, DeGette, Schakowsky, Barrow, Matsui, Christensen, Castor, Sarbanes, and Tonko.

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Staff Present: Clay Alspach, Chief Counsel, Health; Gary Andres, Staff Director; Sean Bonyun, Communications Director; Matt Bravo, Professional Staff Member; Megan Capiak, Staff Assistant; Karen Christian, Chief Counsel, Oversight; Noelle Clemente, Press Secretary; Andy Duberstein, Deputy Press Secretary; Paul Edattel, Professional Staff Member, Health; Julie Goon, Health Policy Advisor; Sydne Harwick, Legislative Clerk; Brittany Havens, Legislative Clerk; Sean Hayes, Counsel, O&I; Robert Horne, Professional Staff Member, Health; Kirby Howard, Legislative Clerk; Nick Magallanes, Policy Coordinator, CMT; Carly McWilliams, Professional Staff Member, Health; Monica Popp, Professional Staff Member, Health; Andrew Powaleny, Deputy Press Secretary; Krista Rosenthal, Counsel to Chairman Emeritus; Heidi Stirrup, Health Policy Coordinator; Tom Wilbur, Digital Media Advisor; Brian Cohen, Minority Subcommittee Staff Director, Senior Policy Advisor; Allison Corr, Minority Policy Analyst; Hannah Green, Minority Staff Assistant; Elizabeth Letter, Minority Assistant Press Secretary; Karen Nelson, Minority Deputy Staff Director; and Stephen Salsbury, Minority Special Assistant.

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Mrs. Blackburn. The committee will come to order. The chair recognizes herself for 5 minutes for an opening statement.

As we prepare to return to our districts for the August work period, there is one topic of conversation that will be sure to arise whether I am in Williamson, Montgomery, or Henderson Counties, all areas that are familiar and known to our witness today. Of the folks I hear from most when it comes to Obamacare, I would say that they are probably in two camps: those who aren't quite sure what Obamacare will mean for them and their families, and those who have studied the law and its policies and are opposed to what it will do.

It is the uncertainty of the law that most concerns me: uncertainty about how much individuals' health insurance costs are going up to comply with the laws and the mandates and the taxes; uncertainty about what new and additional expenses employers must take on as a result of the law; and business uncertainty for the numerous medical device companies that call Tennessee home due to the medical device tax.

It appears you have a lot of work to do by October 1 and the end of the year, so much so that Secretary Sebelius even acknowledged having -- and I am quoting her -- very tight deadline.

I voted yes on the Fairness for American Families Act earlier this month to delay the individual mandate for 1 year, a mandate supported by just 12 percent of the Americans. Despite being told over and over

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by the President that if you like what you have you can keep it, and that healthcare premiums would go down on average \$2500, individuals in Tennessee are seeing the opposite. Based on the exhaustive work by our staff here at committee, our report found that for those in the individual market in Tennessee premium increases of 49 to 54 percent could be expected, as well as increases of 35 percent in the small group market.

Unfortunately, these increases should surprise no one. If something is taxed, and there is \$165 billion in taxes and fees on health plans, plans sold on the Federal exchanges, drug manufacturers, and medical devices, and then loaded down with mandates, which guaranteed issue, community rating, essential health benefit requirements, it is absolutely going to be more expensive.

According to a recent Gallup Poll, more than 40 percent of the small business owners have frozen hiring, 19 percent have reduced the number of employees, and 9 percent of the over 600 employers surveyed say that Obamacare would be good for their business, as opposed to 48 percent that say it would be bad.

At this time, I yield my remaining time to the chairman of the full committee, Mr. Upton.

[The prepared statement of Mrs. Blackburn follows:]

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The Chairman. Well, thank you very much.

You know, for more than 3 years we have heard mounting confusion and concern about how the healthcare law will impact coverage and costs for families and job creators. We have heard about the law's red tape that has stifled job creation and threatened existing healthcare coverage for millions. And with just 60 days left until enrollment begins my constituents want clear answers on the law's true costs. What will premiums look like for millions of Americans who thought they would be able to keep their current plan if they liked it? How much will American taxpayers spend over the next 10 years? And what assurances are in place to ensure that taxpayer dollars are, in fact, protected?

Will businesses stop hiring full-time employees? And are we in a permanent transition to a part-time economy? I met with a number of my small businesses earlier this week, and the healthcare law has been a mess for our job creators from top to bottom.

Finally, with 2 months left until open enrollment in the exchange begins, is HHS really ready? The recent decision by the administration to delay the employer mandate less than 6 months before full implementation makes us wonder if HHS is planning other delays or changes to the law as well. The decision raises serious questions about the administration's ability to implement the law and the authority to rewrite it, questions that the Treasury Department did

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not sufficiently answer last week.

The public's anxiety is real, and it is escalating every day, especially as they are left behind to endure the looming premium rate shock while businesses are shielded from reporting and penalties. The President made a lot of promises to the American people, both before and after the law's passage, and the promises to make health care more afford and more accessible have fallen woefully short.

This hearing will provide an opportunity to further check on the status of those promises. This committee has conducted ongoing oversight of the law's implementation. Since January of 2011, we have held dozens of hearings to ensure that the American public indeed has the information that they need, and today is no different. With the clock ticking, it is time for the administration to keep its promises of transparency.

I appreciate you being here today, and our constituents are seeking real information. We look forward to getting those answers. And yield back.

[The prepared statement of The Chairman follows:]

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Mrs. Blackburn. Gentleman yields back.

At this time I recognize Mr. Waxman for 5 minutes.

Mr. Waxman. Thank you, Madam Chair.

I am pleased to welcome Administrator Tavenner to our hearing today. She comes before this committee with an impressive record of achievement in both the public and private sectors, and she was recently confirmed by a huge bipartisan majority in the United States Senate. And we are delighted to have you here.

Four years ago, this committee was voting to report out of the committee and onto the House floor the Affordable Care Act. We were in markup for days and had heard testimony from dozens of witnesses. They described a system with rapidly rising costs, gross inefficiencies, and painful inequalities. We heard how those most in need of coverage -- people who were ill, injured, or born with preexisting conditions -- were not able to purchase quality health insurance.

So we passed the Affordable Care Act to address these chronic problems in our healthcare system. We incorporated an individual responsibility requirement, championed by such conservative groups as the Heritage Foundation, and put in place in the State of Massachusetts by Governor Romney; created a system that built upon the existing private sector insurance system; and used the same free market model that President Bush created when he signed into law the Medicare Part

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D program. We eliminated Medicare waste, fraud, and abuse, and we made sure our legislation reduced the deficit.

The Affordable Care Act deserved bipartisan support, but we faced united opposition from Republicans in the Congress who did not want to give President Obama a victory. And since then the law has become the Republicans' great white whale. They will stop at nothing to kill it.

Madam Chair, I would like into the memorandum released by my staff this morning that provides more detail on the Republican efforts to ensure that healthcare reform is a failure.

Mrs. Blackburn. Without objection, it will be submitted.

[The information follows:]

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Mr. Waxman. It describes 10 ways that Republican leaders in Congress and statehouses have worked to sabotage the law. As this memorandum documents, independent, nonpartisan observers have been harsh in their depiction of what Republicans are doing. USA Today says, Republicans are using, quote, "the most cynical of tactics," and inflicting, quote, "human misery," end quote, on their constituents. Ezra Klein writes that Republicans are trying to, quote, "knowingly damage America's healthcare system on the off chance the damage is severe enough to help them accomplish a much larger policy goal," end quote.

Tomorrow, the House will vote to repeal the law for the 40th time. Many Republicans are threatening to shut down the government in order to force repeal of this law. Republicans in Congress are intimidating groups working to inform the public about the law. Their allies outside of Congress are actively working to discourage their uninsured constituents from enrolling in coverage. Some Republican Members even appear to be saying they will not perform basic constituent services to help citizens who live in their districts sign up for the benefits of the Affordable Care Act.

Noted congressional scholar Norm Ornstein has described these actions as, quote, "sharply beneath any reasonable standards of elected officials with the fiduciary responsibility of governing," end quote. He called them, quote, "simply unacceptable, even contemptible."

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The Affordable Care Act is the law of the land. And because of this law, tens of millions of Americans will soon be able to receive affordable, high quality healthcare coverage for the first time. As Administrator Tavenner will tell us today, she and others at HHS are doing yeomen's work to make sure the law works. All of our constituents, Republicans and Democrats, will enjoy these benefits. I thank her and her Department for their work, and I look forward to her testimony. Thank you, Madam Chair.

[The prepared statement of Mr. Waxman follows:]

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Ms. Blackburn. Gentleman yields back.

At this time, I recognize the subcommittee chairman, Mr. Pitts, for 5 minutes.

Mr. Pitts. Thank you, Madam Chairman.

Administrator Tavenner, thank you for appearing before us today.

For months, various administration officials, including HHS Secretary Sebelius, has been telling Congress that implementation of the President's healthcare law is on track and that statutory deadlines will be met. And yet earlier this year we were informed that the Federal preexisting conditions program had suspended enrollment and cut payments to providers for existing patients. In April of this year, HHS announced it was delaying full implementation of the Small Business Health Options Program, or SHOP exchanges, which were designed to offer small businesses multiple health insurance plans from which to choose. On July 2nd, the administration announced via Treasury Department blog post that the employer mandate would be delayed for 1 year, until January 1, 2015. Just a few days later, HHS announced that it had decided to disregard the requirement that State exchanges verify individuals' income when applying for exchange subsidies.

Based on a recent HHS decision to implement what they simply want, rather than what is statutorily required, what assurances do we have that exchanges will be ready to enroll individuals in just 60 days and that States are ready as well? How can we believe that provisions

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deemed inconvenient by the administration, such as verifying that someone is actually eligible for a taxpayer-funded subsidy, won't be labeled as too complex to administer and simply be ignored? My constituents want to know what to expect over the next couple of months and what assurances that only those individuals who are eligible for subsidies will be receiving them. American taxpayer dollars should be protected and not hastily spent on a law that may not be ready for primetime or on policies that don't require the utmost operational integrity.

Our constituents have concerns, and they need answers. And with just 60 days until the large pieces of this law get started, I trust you came prepared to answer these concerns.

Thank you, Madam Chair. I yield balance of my time to Dr. Murphy.

[The prepared statement of Mr. Pitts follows:]

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Mr. Murphy. I thank the gentleman.

Since the Affordable Care Act was enacted in March of 2010, this committee has heard from numerous officials from the administration telling us that all is well. But because this committee has worked tirelessly to monitor implementation, we know that the administration has been promising one thing, delivering another. The CLASS Act had to be shut down because it was totally unsustainable. In April, more than 1,400 groups providing insurance to 3.1 million were given waivers from the law's mandates in 2011. Employers have been complaining for months about the costs increasing and how they had to drastically cut employees.

Last month, every employer was given a waiver hidden in a 4th of July week blog. But the American people get no waiver. We are promised rigorous oversight, but last month the IRS and HHS, buried in an announcement, said they were going to scrap income coverage and verification for the exchanges. The President promised premiums would go down, but millions of families are seeing rates going up. The Teamsters and electric workers are saying they oppose the bill because of the problems it is going to cause.

When the administration announced it would delay the employer mandate, not a single word was spoken about what is wrong with the law; instead they continue to blame those of us who are doing what we are supposed to be doing, shining a light of transparency. There is a lack

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of trust because the bill was written behind closed doors, the Senate bill was different from the one that passed this committee, our markup version disappeared, they have hidden or buried changes in rules or blogs, they have ignore our concerns, denied prices were going up, and the administration focus has been to hire millions of people to help them sell it.

Tens of thousands of employees, employers, and doctors, and millions of Americans who oppose or have grave concerns about this bill can't all be wrong. It is no surprise the public doesn't trust the administration to properly implement this law. If you are not going to trust the American people and tell them the truth, the American people won't trust those of us who are looking at implementing this law in a straightforward way.

I now yield to Mr. Barton. Thank you.

[The prepared statement of Mr. Murphy follows:]

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Mr. Barton. Thank you, Dr. Murphy.

I live in Ennis, Texas. It is a town of about 15,000 people just south of Dallas. This is the headline in the Ennis Daily News, Wednesday, July the 17th, 2013: "Insurance squeezing the budget. Total premium costs to jump nearly \$50,000 monthly for city plan. City employees will see their health insurance premium costs more than double in response to changes in the market brought about through the Affordable Care Act." And then it goes on to outline what those costs are. Later in the article it says that because of these costs many of these city employees are probably going to opt out of the city insurance plan and take their chances in the health exchange, if that ever gets up and running.

Madam Chairwoman, that says it better than anything I could say. I will submit this article for the record when we get to that point.

[The prepared statement of Mr. Barton follows:]

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Ms. Blackburn. Without objection, so ordered.

[The information follows:]

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Mrs. Blackburn. At this time, I recognize Ms. DeGette from Colorado for 5 minutes.

Ms. DeGette. Thank you, very much, Madam Chair.

The Affordable Care Act is now the law of the land, and it is already bringing benefits to millions of Americans. But today we are standing before one of the most important moments of the ACA, and that is implementation. We are just 2 months away from the open enrollment period for the exchanges. That is why I would urge my colleagues on both sides of the aisle to work on educating constituents on how to make this new law work for individuals, families, and businesses.

I remember when we passed the Medicare Part D bill, and the Democrats, frankly, didn't like it. We didn't like the fact that the Administrator couldn't negotiate prescription drug prices. But, despite that, we all went out to our districts and we worked with our constituents to let them know how they could enroll. Why? Because this would help our constituents and, in fact, now Medicare Part D has become very, very popular.

I met a lady last week when I was in Denver who is paying on the individual market. She is 58 years old, and she is paying \$600 a month on the individual market for insurance because she has a preexisting condition. I told her, as of October you will be able to enroll in the exchange in Colorado, and you can probably save yourself a bundle of money. She had no idea that this option even existed. And I think

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it is our job as elected representatives of our constituents to go out there and tell people like this woman that they can have these benefits and get the insurance they need and save money.

Now, an important step in doing this is to make sure that we go home and talk to our constituents in this August recess about that. So, Administrator Tavenner, I am really looking forward to hearing what the administration is planning to do to make sure people know about this.

Madam Chair, earlier this month, Energy and Commerce Democratic staff released fact sheets on the benefits of the Affordable Care Act in every district in the country, and I would ask unanimous consent to put those fact sheets into the record of this hearing today.

Ms. Blackburn. Without objection, so ordered.

[The information follows:]

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Ms. DeGette. Thank you so much.

I would like to share some of the information on the benefits in my district, Denver, Colorado. Already in my district, the Affordable Care Act is providing 8,000 young adults with healthcare coverage through their parents' plan. More than 6,900 seniors in my district have gotten drug discounts worth \$9.3 million. Almost 200,000 of my constituents now have health insurance that covers preventative service without copays. Hundreds of thousands of my constituents with private insurance are saving money due to the ACA provisions that limit insurers' administrative overhead costs. And when the law finally goes fully into effect, over 120,000 of my constituents who currently don't have health insurance will be able to get that insurance without fear of discrimination or higher rates because of a preexisting condition.

So even if you disagree with the law, it is important that you know how the Affordable Care Act's benefits are already helping our constituents.

Now, Madam Chairman, we have had many hearings on this law, many in our Oversight and Investigations Subcommittee. And one of the common concerns that we have already heard today in the opening statements is that premiums will be too high. We are beginning to get answers on this. An HHS analysis received earlier this month found that in the States for which data are available the lowest cost Silver

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plan in the individual market in 2014 will cost on average 18 percent less than the rate predicted by the Congressional Budget Office. On the small group market, the average premium that small employers will pay is again 18 percent lower than the same plan would cost absent the Affordable Care Act.

In Colorado, similarly, the lowest cost Silver plans are on average 18 percent less than the status quo. So it seems like every day we are getting more and more information about a new State where the rate review process and competition are causing insurers to lower their premiums even more than expected. And of course the actual cost of these plans will be even lower for many citizens once the Affordable Care Act's tax credits go into effect.

Now, Administrator Tavenner, I know you have got to be pleased with this. But as you know, your job is not yet done. In 2 months, the data system for the insurance exchanges will go live. I don't think everything is going to go completely smoothly; it certainly didn't with Part D. But I want to hear what the administration is doing to deal with all of these foreseeable problems and developing systems to deal with the unexpected problems.

I think we all have legitimate questions. We are happy to have you here today, and I look forward to hearing your answers to all of them.

Thank you very much, Madam Chair. I yield back.

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[The prepared statement of Ms. DeGette follows:]

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Ms. Blackburn. Gentlelady yields back.

I would like to welcome our witness today, Marilyn Tavenner. She is currently the Administrator for the Centers for Medicare and Medicaid Services. Previously, she was the Principal Deputy Administrator for CMS. In this role, she served as the agency's second-ranking official, overseeing policy development and implementation, as well as management and operations.

Ms. Tavenner, you are recognized for 5 minutes.

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STATEMENT OF MARILYN TAVENNER, ADMINISTRATOR, CENTERS FOR MEDICARE AND
MEDICAID SERVICES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. Tavener. Thank you, Vice Chair. I would like to thank Chairman Upton. I would like to thank you.

Ms. Blackburn. Ms. Tavener, if you will check your microphone.

Ms. Tavener. I have it on. Can you hear me now? I didn't have it close enough?

Mrs. Blackburn. Let's pull it a little closer.

Ms. Tavener. All right. How about that?

Mrs. Blackburn. That is much better. Thank you.

Ms. Tavener. All right. I would like to thank you, Chairman Upton, and Ranking Member Waxman, and members of the committee for inviting me here today to update you on the implementation of the Affordable Care Act. I am pleased to say that you are right, 60 days from now is the beginning of open enrollment when Americans will be able to compare and enroll in affordable healthcare coverage, and that implementation is on track.

This is a large and complicated endeavor that I am proud to lead and every decision is being made by my prior work experience. My clinical perspective from my early days as a staff nurse keeps in the forefront of my mind the reason why we are here: that patients deserve

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better, higher performing delivery systems that they can afford.

My perspective on business comes from my days as a hospital CEO, where I not only managed complicated systems that included the merging of hospitals, but where I had patients come to see me to tell me that they didn't have health insurance. And these were hard-working individuals with families who could not afford their hospital bills. They had been unable to get insurance or they were unable to afford insurance. So I would sit down with each person that came to me and we would work out a payment plan, sometimes \$5 a month, sometimes \$10 a month, sometimes a 23-year plan, a 30-year plan, because I couldn't stand to see that family have to file a medical bankruptcy. Today, I would continue to help everyone who asked for my help, but the concern were those who didn't know to ask.

Finally, I have the government perspective. From my work as Virginia's Health and Human Resources Secretary and obviously the last 3-1/2 years at CMS. I am extremely fortunate to have a strong and dedicated team at CMS who have experience in operating programs that cover millions of Americans today and also have experience in implementing large transformations, including programs such as Medicare Advantage, CHIP, and Part D, all of which are now quite popular.

I consider partnerships as essential to my leadership role at CMS, and have made it a point to work with Congress and partner with all

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the various stakeholders in the healthcare community. Over the last 3 years, I have worked and listened to our partners, including States, hospitals, health insurers, providers, employers, and consumers. Implementation of the Affordable Care Act depends on the hard work of thousands of people across the country, and we are all in this together to make it a success.

I am motivated and energized to fully implement the Affordable Care Act. I am thinking about those staff nurses now who, thanks to the law, are able to focus on patient care and coordination, and those hospital CEOs who won't have to set people on payment plans. Instead they will be able to get people enrolled in health insurance, something far more secure and valuable.

I am thinking about the policymakers and those in government who will benefit from the new tools from our modernized systems and improved data initiatives. Even before we begin enrollment on October 1, we are already seeing changes in the healthcare delivery system through improved accountability and coordination. Growth in national health expenditures for the last 3 years is lower than any time in the last 50. We are observing a decrease in the rate of patients returning to the hospitals after being discharged. Millions of Medicare beneficiaries are now getting better care from ACOs whose bottom line benefits from keeping them healthy.

From health insurance markets we are seeing changes through

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improved transparency and competition. In States like California, Maryland, New York, Washington, new competition and new choices are pushing costs down. New York announced average premiums that were at least 50 percent lower next year than they are now. And I can go on and on.

CMS is ready for October 1, and we are motivated and well prepared for the hard work ahead. We are ready and on time over the next 60 days to refine our systems and get the word out. We are proud to meet this challenge, and we are proud to help our fellow Americans.

Today, I am focused on answering your questions. I know you are returning to your districts soon, so I hope today we will engage in a dialogue and that my answers can help you respond to your constituents' concerns. I look forward to working with you today and in the future. Thank you.

Mrs. Blackburn. And thank you, Ms. Tavenner. We appreciate that.

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[The prepared statement of Ms. Tavenner follows:]

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Mrs. Blackburn. We will begin our questions, and I will begin by yielding myself 5 minutes.

And I want to start by talking with you about fairness, which is what I hear from my constituents. At this point, what they are doing is coming in to our meetings with papers in hand, and they can actually document the higher premiums, the disruptions in their existing coverage, and show me where it is due to the Affordable Care Act, or Obamacare. And while they are looking, many of them are looking for some reprieve from the taxes, the penalties, and the increased costs, you and your employees at CMS are fully protected, and you are eligible to keep the insurance coverage that you have, which you have taxpayer dollars that are paying for that insurance.

So I want to ask you this: If you are able, are you willing to enroll yourself in an exchange plan come October 1?

Ms. Tavener. If I were eligible for an exchange plan, I would be happy to enroll in an exchange plan.

Mrs. Blackburn. Should CMS employees, who are all responsible for implementing this law, be required to enroll in the same plans that Americans are being forced to enroll in, in these exchanges?

Ms. Tavener. Chairman Blackburn, I would say that if Congress decides that the employees of CMS should be enrolled in exchanges that the CMS employees would support that.

Mrs. Blackburn. Would you support a bill to that effect for you

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and all CMS employees?

Ms. Tavenner. I would be happy to work with you on the development of a bill, and we can discuss that.

Mrs. Blackburn. Do you think all government employees, whether they are at Treasury, HHS, Labor, OPM, White House, that they should be subject to the same plans and premiums that our constituents are having to face?

Ms. Tavenner. Well, I will remind you that if you look at the Affordable Care Act, if you remember, there is a large number of your constituents --

Mrs. Blackburn. We remember well.

Ms. Tavenner. -- that are not subject to the Affordable Care Act. Remember --

Mrs. Blackburn. That was not my question. And would you support having all these government officials having to enroll in an exchange plan, everybody involved in implementing this?

Ms. Tavenner. To the extent that if you look at the exchanges, exchanges offer full coverage at reasonable prices, we are promoting competition, we are promoting transparency --

Mrs. Blackburn. We are in the Dingell room, so I am going to ask a Dingell question: Yes or no, would you support it?

Ms. Tavenner. Yes, I would support it.

Mrs. Blackburn. Okay. Thank you.

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CMS has awarded Equifax a contract to conduct income verification of potential applicants seeking an exchange subsidy. So what is the estimated percentage of potential applications where income data can actually be verified by Equifax, given the volume of data that it currently controls.

Ms. Tavener. I think there is a lot of confusion about income verification, so I would like to spend a couple of moments talking about that from the standpoint of the Federal exchange.

If you look at what happens when an individual fills out an application, and they record their income, there is a check, a 100 percent check against IRS. There is also a 100 percent check against Equifax. If those two, obviously, work, match, the individual proceeds. If there is a discrepancy, then we begin an intervention where individuals bring in pay stubs --

Mrs. Blackburn. Let me ask you this, then. Are you all going to have other contractors that are there to assist in verification of potential enrollees? And I am asking you this because the self-attestation provisions are of tremendous concern to us, especially to me. And you are familiar with TennCare and what happened there with self-attestation and Governor Bredesen's efforts to go pull all of these individuals off that program. So, you know, tell me how you are planning to handle that.

Ms. Tavener. We will do a 100 percent review of

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self-attestation.

Mrs. Blackburn. Immediately?

Ms. Tavener. Immediately.

Mrs. Blackburn. Okay.

Ms. Tavener. Now, individuals -- when I say "immediately," it obviously is a process where individuals bring in pay stubs, this sort of information, so that we work with an enrollment and eligibility worker. In the meantime, those individuals are --

Mrs. Blackburn. So 100 percent review means of all of their self-declarations, you are going to go back through every bit of that.

Ms. Tavener. That is correct.

Mrs. Blackburn. By when? If not immediately, by when?

Ms. Tavener. So if you will remember, what we have in regulation is they have -- if an individual attests to their income, we enroll them for what they are eligible for. We have up to 90 days to reconcile that.

Mrs. Blackburn. So you foresee having all of this completed on each enrollee within 90 days?

Ms. Tavener. Absolutely.

Mrs. Blackburn. And if someone is committing fraud, how quickly will you remove them?

Ms. Tavener. If someone is incorrect, right, as soon as we find out that there is a problem, if they are not eligible for tax credits,

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they would be removed immediately.

Mrs. Blackburn. My time has expired. At this time I yield 5 minutes to Mr. Waxman.

Mr. Waxman. Thank you, Madam Chair.

Ms. Tavenner, you were asked is this fair that your employees aren't going to go into the exchange. Well, most people who are working in this country are not going to go to the exchange because they have their insurance through their jobs. Are they going to be required to go to the exchange and drop the insurance they already have?

Ms. Tavenner. Absolutely not.

Mr. Waxman. So if employers offer insurance to their employees, that is not going to be affected. What we have tried to do is to give access to health insurance for those people who don't have insurance. Isn't that right? Isn't that what the exchanges and the bill is all about?

Ms. Tavenner. That is absolutely correct.

Mr. Waxman. So it just seems to me so bizarre to hear arguments, well, are you going to go to the exchange? If you didn't have insurance, you would be delighted to be able to go and buy health insurance. If people lose their jobs, and we have seen a lot of people lose their jobs in the last couple of years, they usually lose their health insurance. Now, there is a thing called COBRA that allows them to pay the full cost, both the employer side and the employee side to

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keep that insurance. They won't have to do that anymore, they will be able to go to the exchange and choose between different private insurance plans that will be affordable to them. Isn't that correct?

Ms. Tavener. That is correct.

Mr. Waxman. So I just find it amazing, this attack all the time by the Republicans on the law that is going to help so many tens of millions of people get insurance. The whole insurance system of the country is not going to be transformed overnight. We are going to keep Medicare for people who are on Medicare. People who have insurance with their employers, they are going to keep it. And we hope small businesses will cover more of their employees because we are giving them tax breaks. But if small businesses don't cover their employees, they will be able to go to the exchange. Either the employees or the employers will be able to go to the exchange.

When you have an exchange, you are pooling people together so they have the advantages of the big employers in getting better insurance at a lower cost. Otherwise, if it is a small business or a small group or an individual, right now, if you are an individual, you have got no standing because these insurance companies don't want to insure you if you have a preexisting condition. But when you are in the pool with everybody else, they spread the cost. Isn't that the philosophy behind this law?

Ms. Tavener. That is absolutely correct. And that is the point

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I was trying to make with Congresswoman Blackburn. If I could not get insurance today, I would be very happy to have the exchange available. These are good plans at good prices.

Mr. Waxman. Absolutely.

Now, we hear a lot about rate shock, people are being scared, especially by Republicans and the right-wingers who want to scare people about the act itself and what it is going to mean to them. Even Chairwoman Blackburn alluded to all the increasing costs. And we hear about these predictions of major increases in costs, rate shock. They are not correct, are they?

Ms. Tavener. What we have seen today, and what has been released, and I mentioned that in my opening statement, is we are actually seeing a reduction. And as we mentioned, it is actually coming in around 18 percent below CBO estimates. So we are very pleased. We are in the process of finishing out the Federal exchange rates. They had till July 31st, States did. So we will be looking at States who are on the Federal exchange.

But from the State-based exchanges, it has been a very good news story, and we are very pleased. And I think it just speaks to what happens when you have competition and transparency in a marketplace, plus the, quite honestly, the number of insurance laws that we have been able to adjust in the last 3-1/2 years.

Mr. Waxman. That is interesting, because you believe that the

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costs are going down because of transparency and competition.

Ms. Tavener. I do.

Mr. Waxman. I believe that, too, in any kind of product. If you have got competition, you are going to look at what is the best product and at the best price. And when these companies are competing for my business, they are going to want to hold down their costs. The benefits will all be the same, because the essential core benefits will be the same in every plan offered on the exchange. Isn't that correct?

Ms. Tavener. That is correct. And also a reminder that the things that we have done with MLR and other rules have not only had a benefit on small businesses and individuals, when I talk with large employers, and what we are seeing in large employers is they are reaping some of those rewards as well. Their average increase is around 3 percent. And while we don't want any increase, obviously, 3 percent is a lot better trend than we were seeing in the past.

Mr. Waxman. Most people don't have a choice of their health insurance, they are lucky if they get any health insurance at all. There is no competition, so they got to pay the price, whatever it is. If they can't afford it, they can't get it in this country. It seems to me that the attack is to keep things from being transparent and to prevent competition and help the consumers. That sure helps the insurance companies a lot.

Thank you, Madam Chair.

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Mrs. Blackburn. Gentleman's time has expired. Recognize Mr. Barton for 5 minutes.

Mr. Barton. Wow. Okay. I was thinking I was later in the queue. But I am ready to go.

In my opening statement, I quoted from the Ennis Daily News of July the 23rd that the city of Ennis' increase in their plan that they provide to their employees was going up double, and that the monthly cost was about \$50,000 a month for the city. The deductible was going up, the deductible was tripled, the city said that this was its largest increase in any budget item in the city budget. What is your response to that?

Ms. Tavener. My response to that would be I would want to take a look at that article, and I am happy to sit down with you.

Mr. Barton. All right. Well, that is easy. We will make that happen. But I listened with interest to Ranking Member Waxman's questions. And he and I are apparently living in parallel universes because when I go to my town halls or when I am out in my district, I don't have anybody coming to me saying that they can't wait for the Affordable Care Act to be implemented and they are waiting for this great day when they can get all these benefits. I hear just the opposite. I hear small businessmen saying that they are not going to be able to provide the coverage. And I hear, like, the city employees of the town that I live in complaining about their premiums are going

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up and their benefits are going down. And now we have you come and say that even though we are going to allow income verifiability based on self-attestation, we are going to then verify 100 percent of the self-attestations. Well, that doesn't make sense to me either.

Do you have data on 100 percent of the American population to verify the income levels? I was told that that was not available, which was why you were not going to use it.

Ms. Tavener. I will try to answer all of those questions, but let me start with the income verification, because I think there has been a lot of confusion out there on income verification. A reminder that when an individual records their income, it is first checked with IRS, based on the 2012 tax returns. If there is a match there and they are eligible, obviously, there is no need for -- obviously, you are obviously signing, you are telling the truth. But we are able to check it. There is a second check through Equifax. Okay? It is only when those two do not match that you have to go further and ask individuals for pay stubs or other information. And that is where I am saying we will do 100 percent proofing.

Mr. Barton. All right. Well, the staff --

Ms. Tavener. It is a subset of the whole population, obviously.

Mr. Barton. Well, I hope you are right. I mean --

Ms. Tavener. Well, I know I am right.

Mr. Barton. I voted against this every time I could. But I do

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hope for the people's sake if we are going to implement it that you are right. Now I want to ask a specific question --

Ms. Tavener. Let me go back to answer your question about businesses. Just a reminder to individuals that if you are a small business, you are exempt from the requirement.

Mr. Barton. If you have less than 50 employees or your average worker works less than 30 hours a week.

Ms. Tavener. Well, if you have less than 50 employees, you are exempt from having requirement for coverage. Now, we hope that individuals will do that coverage because, obviously, we want more people covered, and that is the reason for the tax incentives and others.

For large employers, here is what I am hearing the individuals. When I start talking to them about their average cost increases, they are seeing very low cost increases in terms of premium. That doesn't mean that some employers aren't increasing their deductibles or copay, which is a business decision separate from the Affordable Care Act.

And the last thing I will tell you is if I ever lead -- I have been in Texas, I have been in Florida, Louisiana, Georgia, Virginia, I can go on and on -- if I ever lead with the Affordable Care Act, individuals are often confused about what I am saying. But if I lead with something that is like this, if you have had a preexisting condition and you can't get insurance or your insurance is \$1,500 a

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month and you can't afford it, effective January 1 that doesn't exist any more, and here is why. If your child is being covered to age 26 and you are happy about it but you didn't understand why, here is why. So if you start --

Mr. Barton. The only group that I think does benefit from the Affordable Care Act --

Ms. Tavener. Absolutely.

Mr. Barton. -- are people that did not have and could not get coverage before. That 1 percent of the population does benefit if the coverage is available.

Ms. Tavener. Well, it is a lot more than 1 percent, but they do benefit.

Mrs. Blackburn. The gentleman's time has expired.

At this time I recognize the gentleman from Michigan, Mr. Dingell, for 5 minutes.

Mr. Dingell. Madam Chairman, I thank you for your courtesy. I thank you for holding this hearing.

And thank you, Madam Administrator, for being here today.

We are 60 days away from the open enrollment period, which begins October 1. We are finally at the cusp of implementing reforms that are going to see to it that quality health care is a right and not a privilege. And now that we are close to full implementation of the law, we are going to have to guard against those who want this

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legislation to fail. This would be a dreadful, shortsighted policy which would hurt the country very badly.

My questions today, Madam Administrator, will focus on the benefits that we have already seen from the Affordable Care Act and what we may expect in the forthcoming months. Please answer these questions yes or no.

Will the new health insurance marketplaces be up and running for open enrollment as scheduled 60 days from now?.

Ms. Tavenner. Yes, sir. Yes.

Mr. Dingell. I would like you to give us a brief monograph on how the different States are going to be doing, because some will come in, some will not, some are going to partner. So if you could submit that to us for the record.

Ms. Tavenner. Yes, sir.

[The information follows:]

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Mr. Dingell. Now, just this month the Department of Treasury announced that employer responsibility provisions of ACA were delayed for 1 year. Does this decision impact the implementation of the timetable for the remainder of ACA? Yes or no?

Ms. Tavener. No.

Mr. Dingell. Would you like to submit a monograph, a brief paragraph explaining that, if you please.

[The information follows:]

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Mr. Dingell. Next question. One claim I have heard recently is that the employer delay will limit the ability of government to verify the incomes of applicants for purposes of determining the eligibility for subsidies. Will the marketplaces have income verification measures in place during 2014? Yes or no?

Ms. Tavener. Yes.

Mr. Dingell. Now, Madam Administrator, in your testimony you note that between 1999 and 2012 the cost of coverage for an average family rose by 172 percent. Is that correct?

Ms. Tavener. Yes.

Mr. Dingell. Madam Administrator, when the marketplaces are up and running, we hope that consumers will have a greater choice among health plans than they currently have in the individual market. Is that a real expectation?

Ms. Tavener. Yes.

Mr. Dingell. Madam Administrator, consumers across the country will reap the benefits of increased competition through lower rates. We have already seen extraordinary results in States such as California, Oregon, Washington, and Vermont. Most significantly, in New York rates will go down by an average of 50 percent. Could you submit us a brief monograph on that particular point.

Ms. Tavener. Yes.

[The information follows:]

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Mr. Dingell. Administrator Tavenner, do you believe that increased competition amongst insurance companies is in any way responsible for the lower rates we have seen in these States? Yes or no?

Ms. Tavenner. Yes.

Mr. Dingell. Another provision in ACA that has helped lower rates is the rate review provision. Administrator Tavenner, in your testimony you indicate that Americans have saved over \$1 billion in health insurance premiums thanks to this provision. Is that correct?

Ms. Tavenner. Yes.

Mr. Dingell. Furthermore, you also discuss how the average premium increase for all rates in 2012 was 30 percent below what it was in 2010. Is that correct?

Ms. Tavenner. Yes.

Mr. Dingell. Would you submit a brief comment on that answer and also on the answer to the previous question?

Ms. Tavenner. Yes, sir.

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Mr. Dingell. Do you believe the trend will continue into the future? Yes or no?

Ms. Tavener. Yes.

Mr. Dingell. Could you give us a brief statement as to why that might be so?

[The information follows:]

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Mr. Dingell. Now that we are on the precipice of implementing this landmark law to its fullest extent and the Affordable Care Act is the law of the land, I believe we should all accept this fact and work together to ensure implementation goes smoothly as possible rather than rooting for the law to fail. I know that that is what the American people want of us, and it is my hope that we will be doing so.

Madam Chairman, I thank you for holding this hearing.

Madam Administrator, I thank you for your presence.

I yield back the 17 seconds remaining.

Mrs. Blackburn. The gentleman yields back.

At this time Mr. Shimkus, 5 minutes.

Mr. Shimkus. Thank you, Madam Chairman.

Let me first make a couple comments. I would be much more willing to be lectured by Norman Ornstein if he had placed his name on a ballot, ran for office, had been elected, and had to represent a constituency, than just another D.C. pundit who can throw accusations at if we are doing our job or not. So I just put that on the record.

Second thing is, for Diana, who is a great friend of mine, I would beg the question with your premise of how actively my friends on your side actively promoted Medicare D. I know I did. And I think if we could go back through the record of people who had town hall meetings and actually tried to enroll people in Medicare D, I think we could get a better idea than just making a statement.

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I will say, though, because I am struggling with that issue of how do I get involved in this role and working with my State and its exchange, the problem is the States -- we have had three briefings so far and each briefing is different, and we don't have the information yet. And that is the State of Illinois.

Ms. DeGette. Will the gentleman yield?

Mr. Shimkus. I would.

Ms. DeGette. I would be happy to sit down, Mr. Shimkus, with you or anybody else on your side of the aisle and talk to you about what I have been doing in my district meetings --

Mr. Shimkus. No, and I don't doubt that. I am just saying to make a claim of Medicare D and how much you all were out there pushing it, I am questioning --

Ms. DeGette. I will tell you what you I did about that --

Mr. Shimkus. -- the credibility of that.

Ms. DeGette. Be happy to.

Mr. Shimkus. Our folks in the media can do due diligence and really decide if they want to research that or not. I would question that.

Now, Marilyn, it is great to see you. She has been in my district before. Great credibility. Lot of support on both sides of the aisle from the Senate. So thank you for being here, and I know you have got a tough job on your hands.

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I do want to refer two quick questions. One deals with the testimony on how you used the State of New York and talked about the premium issue. But didn't New York already require health insurers to issue coverage to all applicants, otherwise known as guaranteed issue?

Ms. Tavenner. They did.

Mr. Shimkus. And did not New York already restrict rating and underwriting, otherwise known as community rating?

Ms. Tavenner. I believe that is correct.

Mr. Shimkus. So part of the debate on this, and it is going to follow up to my next question, is, they are already a high State insurer, probably the fourth highest in the country. So they are already doing a lot of stuff that this law is forcing them to do. So you would expect that their rates would not be as high because they are already doing some of these new adds, versus a State like Illinois.

And our issue is not this coverage, our concern is people who have insurance are going to lose their insurance. That is our debate. People who have employer-sponsored health care will lose their health care, will be forced into an exchange in which they are going to pay 30 or 40 percent more.

And I am not doing an anecdotal story, I am just going to read a letter. I read this on the floor of the House yesterday during a 1-minute speech. And it is from a small businessman from Hamel,

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Illinois, which is in my district. And he says, "Last week, I was advised by my insurance agent that Blue Cross Blue Shield of Illinois is increasing my rates by more than 38 percent. I have to release one employee and have advised all remaining employees that their increase in health insurance premiums will be passed on to them. I was proudly able to pay 100 percent of the employees' healthcare coverage, but after two consecutive 20 percent increases in the last 2 years, and the latest 40 percent increase, simple business logic requires that I pass on this increase or simply go out of business. My employees will have less to take home -- take-home pay under Obamacare."

And here is the question. I am going to ask it because he is asking us: "Does anyone in Congress realize that under this still uncertain program it is more logical for me to shut down my business and take subsidies on one of the exchanges than to remain open?" Do you all understand that this is what small business is dealing with?

Ms. Tavener. Congressman Shimkus, you know I have great respect for you, and I enjoyed being in your district as well. And I would be happy to sit down with you and go through this one because I am interested to see how the rate review process worked in this particular --

Mr. Waxman. Ms. Tavener, would you pull the mike closer?

Ms. Tavener. I am sorry. I was saying that I would be happy to sit down and work with the Congressman on this issue, because

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obviously we now have rate review available in all States, so I am curious to see the process that went into that. But, obviously, if they have had years of 20 and 30 percent increases, this was prior to any influence of the Affordable Care Act.

Mr. Shimkus. And this one is 40 percent. The 40 percent is the straw that broke the camel's back, at least for this guy.

Ms. Tavener. Right. And this is the very issue that we are trying to address. And so I am happy to sit down and work with you.

Mr. Shimkus. Well, I would just say the debate really is we are afraid premiums go up, jobs get lost, more people go onto the exchange and can't afford the exchange amount which they had when they had employer-sponsored health care. That is really the difference in this debate.

Thank you, Madam Chair, and I yield back the balance of my time.

Mrs. Blackburn. Gentleman's time has expired.

Mr. Rush for 5 minutes.

Mr. Rush. I thank you, Mr. Chairman.

Ms. Tavener, I want to extend a warm welcome to you for your appearance before the committee today. And I also want to thank you for sending your staff to assist me and my staff with the Affordable Care Act town hall meetings and other events in my district. My constituents were happy to have them, learned a lot from them, and are looking forward to having more interactions with your excellent staff.

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I want to ask you about the administration's decision to delay the employer mandate until January 1, 2015. There has been a lot of rhetoric from my Republican colleagues, a lot of hot air about how this decision is going to derail implementation of the ACA or is somehow an indication that the law is unworkable.

CMS is charged, Ms. Tavenner, with implementing four elements of the law. These include health insurance marketplaces, which will make sure every American has access to quality affordable coverage even if they have a preexisting condition. The 80/20 rule, which stops insurers from spending 25, 30, or even 40 percent of enrollees' premiums on profits and overhead and make them spend more on actual health care. And then there are the insurance market reforms, such as the end of lifetime and annual limits on coverage, and the requirement that insurance cover preventive care with no cost sharing. All of these four reforms put patients and their doctors and not the insurance company in charge of basic healthcare decisions.

Madam Administrator, what does Treasury's recent decision mean for the core elements of the law that CMS is charged with implementing? And people who do not receive healthcare coverage from their employers next year will in general be able to afford affordable, high quality coverage through the State or Federal marketplaces. I think that is correct. Would you answer those questions?

Ms. Tavenner. Yes, sir. The delay of the employer mandate does

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not have any impact on CMS' implementation. Just as a reminder, the delay of the employer mandate was a decision to try to work with business. And I have heard this morning that we need to work with business and help them. And a reminder also that 96 percent of large employers currently have coverage.

So this employer mandate was also a very small subset. And the decision to delay for 1 year was to try to help not increase regulatory burden on employers as they walk through this process, and it has no impact on our implementation.

Mr. Rush. So it is safe to say that delaying the employer mandate for a year is not going to derail the law, and that the core elements are going into effect as planned.

Ms. Tavener. Yes, sir.

Mr. Rush. Well, it seems to me exceedingly wrong and backwards and ill informed by my Republican colleagues to try to use this relatively minor transitional relief to try to sow doubt and confusion about whether this law is going into effect. It is really cold blooded, cold hearted, and callus, and they should be ashamed of themselves.

I yield back the balance of my time.

Mrs. Blackburn. Gentleman yields back.

Mr. Pitts for 5 minutes.

Mr. Pitts. Thank you, Madam Chair.

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RPTS BINGHAM

DCMN CRYSTAL

[11:05 a.m.]

Mr. Pitts. Ms. Tavenner, on April the 10th, 2013, the Office of Management and Budget released its sequestration preview report for fiscal year 2014. In this report, OMB confirmed the cost-sharing subsidy program in the ACA is subject to sequester to 7.2 percent reduction, a reduction of \$4 billion. Has CMS communicated to officials operating an exchange, both Federal and State, how this sequester will be applied?

Ms. Tavenner. We have not. We are still working with OMB.

Mr. Pitts. Will the navigators and other assistance personnel be expected to properly explain to enrollees the new cost-sharing levels under sequester?

Ms. Tavenner. That is currently under review with OMB, so I would have to get back to you on that.

[The information follows:]

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Mr. Pitts. Well, doesn't this mean applicants may not be aware of their financial liability when signing up for an exchange plan?

Ms. Tavener. Once again, I will follow up with you after I have had discussion with OMB.

Mr. Pitts. All right. Well, given that the Department has had significant time to prepare for reductions in cost-sharing subsidies as part of the sequester, is this information available to the public?

Ms. Tavener. Congressman Pitts, I will have to work with OMB and get back with you on that.

[The information follows:]

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Mr. Pitts. Can you commit to providing detailed information regarding the implementation of the cost-sharing subsidy program?

Ms. Tavener. Yes, sir. I can commit to providing you information. Of course it is our strong preference that the issue of sequestration go away entirely.

[The information follows:]

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Mr. Pitts. Will this information be available before open enrollment, which starts on October 1, 2013?

Ms. Tavener. Yes, sir.

Mr. Pitts. I don't, you know, mean to ask the same question again, but are you actually testifying in front of this committee that agencies will likely be giving exchange subsidy applicants incomplete information about their financial liability? Telling my constituents to talk to OMB is really not an answer.

Ms. Tavener. That is not what I am saying. I am saying that I will follow up with OMB and get back to you with an answer.

Mr. Pitts. Another question. Has CMS conducted live, end-to-end testing involving all parties responsible for implementation, including the Departments of Homeland Security, the Social Security Administration, the Treasury Department, HHS, OPM, State Medicaid agencies, State exchanges, and associated contractors?

Ms. Tavener. So that is several questions, so let me try to answer them one by one. We started testing in October of last year, October of 2012. And so as we test we move from basic to more complex scenarios. So we will finish all end-to-end testing by the end of August.

So when you talk about systems, let me start with insurers. We have accepted their QHP submissions for more than 120 issuers. We began enrollment testing those scenarios in July. They will be

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complete by the end of August. And then obviously payment testing occurs between September and December because, if you remember, payments do not go out until January.

Mr. Pitts. I only have so much time. I only have a minute left. Have you had one live test with all the agencies?

Ms. Tavener. With all the Federal agencies? Absolutely.

Mr. Pitts. Yes. And what vulnerabilities and challenges has such testing revealed?

Ms. Tavener. I am happy to give you a more detailed explanation from our IT folks.

[The information follows:]

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Ms. Tavener. But as we have identified any vulnerabilities we correct them. And so right now we are in good shape.

Mr. Pitts. Okay. Do the contractors who HHS is paying to build these exchanges have certain targets or milestones that they have to meet?

Ms. Tavener. Absolutely.

Mr. Pitts. Can you tell us today that every contractor has met these targets and is on time.

Ms. Tavener. Yes, sir, I can.

Mr. Pitts. Will HHS provide any reports, audits, or work plans to the committee to show the contractors' work?

Ms. Tavener. We will certainly provide anything that we can that is publicly available. And I am happy to have people come sit down with you and walk you through our testing.

[The information follows:]

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Mr. Pitts. Have any of the contractors asked for delays of their contract deadlines or work plans?

Ms. Tavener. No, sir.

Mr. Pitts. My time has expired. Thank you, Madam Chair.

Mrs. Blackburn. Gentleman yields back.

Ms. Eshoo, 5 minutes.

Ms. Eshoo. Madam Administrator, welcome. And thank you for the work that you are doing on what is truly historic. It is a heavy lift because it has many working parts, 50 States, hundreds of millions of people in our country. But I think that the confidence with which you have approached this and the experience that you bring to it will only enhance the pulse check on the Affordable Care Act.

Now, my colleague from Illinois intimated that Norman Ornstein really doesn't have any skin in this game because he is a scholar and he is not elected. Well, you know what? Our constituents are not elected either. Scholars aren't elected. But you know what? They all count in our country. So I think that Norman Ornstein and Thomas Mann are recognized as the two preeminent congressional scholars. Neither Republicans or Democrats do they claim. I don't know how they are registered, but I welcome what they write and how they think, and I think we can all draw something from it whether we agree or not. I didn't think it was going to get to Norm Ornstein this morning, but I can't help but jump in and say something about just because they are

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not elected that they don't count.

There is something extraordinary that is taking place: not only the implementation of the ACA, but the counterpush in the House of Representatives where for the 40th time -- not 4th time -- but 40th time that the Republicans are moving to repeal the law. I don't know, and maybe I will have to check with Norm Ornstein or the Librarian of Congress to see if there has ever been any such effort in the history of our country where something has been taken up 40 times.

I believe my friends on the other side of the aisle are on the wrong side of history.

Now, I think that what we need to examine is what people are now legally entitled to as a right, not only having been passed into law, but confirmed by the United States Supreme Court. But none of that seems to matter. For the 40th time they are going to move to repeal.

But I would like to examine this through the lens of constituents and the right that they have and the rights that colleagues want to take away from them. These are very important things that my colleagues want to take away from them. They want to take away closing the prescription drug donut hole that was created through the program that they passed. They want to take away from children the ability for them to stay on their parents' insurance policy up to the age of 26. They want to take away from them what is now prohibited, and that is the lifetime limit caps on insurance policies.

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How can anyone argue that lifetime limit caps were terrific? You are arguing to take that away from your constituents.

You want to take away preventive services from your constituents, like mammograms and colonoscopies. Don't you get those now? Doesn't your wife, your spouse enjoy that now? Why do you want to take that away from your constituents? Take away health care premiums that are truly spent on medical care instead of advertising, and the right to plain language explanations of a planned benefit, and most of all take away the freedom by decimating the whole issue of preexisting conditions. That is taking away a lot of rights that the American people have today. And I think that is the lens in which to examine this.

I would just like to ask you, Madam Administrator, very quickly about the flexibility the States have. There has been an awful lot tossed around that States are going through hell, that people are being forced. Can you just spend a moment to explain the flexibility the States have that States are being offered in this?

Ms. Tavener. Yes, and there obviously are various types of programs. Obviously we have 17 State-based exchanges where they have tremendous flexibility. They are basically establishing their own programs, following the law, and then we have some oversight. The second one are we have created various types of partnerships to try to work with States, such as in Utah with the SHOP, where they wanted

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to be involved in SHOP.

We have created other partnerships where States wanted to keep their review of health plans or they wanted to do consumer outreach. We are currently working with Mississippi --

Mrs. Blackburn. Ms. Tavenner?

Ms. Tavenner. Sorry?

Mrs. Blackburn. If you will submit for the record. We are a minute over time and we are trying to keep it to 5 minutes as a courtesy to all members.

Ms. Tavenner. Right.

[The information follows:]

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Mrs. Blackburn. Thank you, Ms. Eshoo.

At this time I yield to Mr. Terry, 5 minutes.

Mr. Terry. Thank you, Madam Chair.

Appreciate you being here. And I am going to ask some questions about transparency and if information is being withheld from this committee regarding particularly data hubs.

So as I understand, HHS has contracted with a number of companies to help build different parts of what is known as the data hub. Is that correct?

Ms. Tavener. The data hub is actually a single contract.

Mr. Terry. It is a single contract for the data hub?

Ms. Tavener. Yes.

Mr. Terry. And is UnitedHealthcare Group, their subsidiary, QSSI, that contractor?

Ms. Tavener. That is correct. That is correct.

Mr. Terry. Now, last month GAO issued a report stating that the exchanges are behind schedule. A number of news articles in the last month have talked about the expected glitches and the fact that the companies -- or company -- setting up these systems is racing to get it done in time.

This committee has asked UnitedHealthcare to provide us with a briefing on the status of the building of the data hub, and they have refused and told us to talk to HHS. So has HHS or you as under HHS

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told UnitedHealthcare not to talk to us?

Ms. Tavener. We have not. I have not. Speak for myself. I have not said that.

Mr. Terry. Do you have any concerns about UnitedHealthcare/QSSI talking to our committee?

Ms. Tavener. We have frequently brought -- usually we have --

Mr. Terry. I am sorry, is that a yes or no? Do you have a problem with UnitedHealthcare talking to this committee?

Ms. Tavener. I do not have a problem with that. I was going to say we have done that in the past and we have actually brought contractors with us to talk to committees.

Mr. Terry. Okay. Do you think it is a fair conclusion that when somebody refuses to talk to you that they are hiding something?

Ms. Tavener. I do not think that is a fair conclusion.

Mr. Terry. You don't?

Ms. Tavener. No.

Mr. Terry. You don't think that when somebody refuses to talk to you that there is a reason behind it?

Ms. Tavener. I think perhaps maybe they wanted to doublecheck with the person who is doing the contracting, but I think we can work this out.

Mr. Terry. So when United refuses to talk to us, they are not trying to hide anything, they are just being a good company?

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Ms. Tavener. They are a good company to work with.

Mr. Terry. Okay. So I will ask you then what they won't talk to us about. How much money has HHS paid UnitedHealthcare and QSSI to date.

Ms. Tavener. Through the QSSI contract, I think we have spent about \$400 million to date on the building of the hub. But if you would let me, I will get you specifics. As you might imagine, both testing and our spend are dynamic, so I may have data that is a week or 2 old.

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Mr. Terry. Is QSSI/UnitedHealthcare on schedule?

Ms. Tavener. Yes.

Mr. Terry. Have they met each of their targets set by HHS for their work?

Ms. Tavener. That is something I am happy to review with you in detail. I don't want to speak to each and every target, but obviously we are on schedule for October.

Mr. Terry. But you would have no problems with UnitedHealthcare talking to us about that as well?

Ms. Tavener. I would have no problem with that. We have done that in the past.

Mr. Terry. Has UnitedHealthcare/QSSI begun to do test runs of the data hub?

Ms. Tavener. Yes, they have begun test runs.

Mr. Terry. Have there been any glitches discovered?

Ms. Tavener. I would to have to go through the specifics of that. But of course we make modifications as we go. But if you are asking --

Mr. Terry. That is the whole point of doing a test.

Ms. Tavener. Right. And the testing, we have made modifications and the system is working.

Mr. Terry. Now, has UnitedHealthcare/QSSI tested the connections with the relevant agencies, such as Social Security

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Administration?

Ms. Tavener. Yes.

Mr. Terry. Have they tested the connections with the Department of Homeland Security?

Ms. Tavener. Yes. And I am happy to get you a schedule of that testing.

Mr. Terry. Okay. And the same question with the Internal Revenue Service.

Ms. Tavener. Yes. And I am happy to get you a schedule of the testing of each of our Federal partners.

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Mr. Terry. Have they tested the connections with State Medicaid programs?

Ms. Tavener. Yes, that work is in progress.

Mr. Terry. Good. Are there other contractors? Will you tell us what Equifax' and SIRCOS' involvement is?

Ms. Tavener. Equifax' involvement is income verification. As I was discussing earlier, we have a contract with them so that when an individual completes an application and fills out their income, we check that against IRS records, as well as Equifax records, to verify accuracy. They have that contract.

Mr. Terry. Thank you.

Mrs. Blackburn. The gentleman's time has expired.

Ms. DeGette, 5 minutes.

Ms. DeGette. Thank you very much, Madam Chair.

Ms. Tavener, I want to add my thanks to you for coming to testify today. I have a couple of areas I want to explore with you. The first one is these data hubs that are going to be managed by HHS and that are going to provide access to information that is necessary to determine an individual's eligibility for certain ACA benefits.

Yesterday in the Denver Post, in part of what seems to be a national campaign on this issue, there was an op-ed that raised concerns about the privacy of data that is going to be provided to individuals who sign up for health insurance on the Federal marketplaces. And

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obviously, after the recent leaks on the NSA, we are all concerned about privacy. But the op-ed stated, in my opinion a little hysterically, quote, "The Federal data hub is a privacy disaster waiting to happen, drawing from databases of seven different U.S. agencies, including the Department of Justice and IRS."

So I hope that you can help us address some of these concerns about data hubs.

First, Administrator Tavenner, very briefly, what are these data hubs?

Ms. Tavenner. So there is a single data hub, and I think that is an important piece of information. It serves as a router. And it is important to note that the hub does not store any information. It routes information. Second point is there is no health information stored or scattered.

Ms. DeGette. So what type of information is involved with these data hubs?

Ms. Tavenner. Okay. What the data hub does is you fill out an application, then that automatically, for lack of a better word, pings Social Security, and so we verify that what you are entering as a Social Security number matches you as an individual. Then it also will ping Social Security for if you are eligible for other types of programs which would make you ineligible for tax credits. Then it will move, it moves through each of the systems that make sense, right, Homeland

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Security, you are verifying that person is a legal citizen, you are verifying if they are eligible for other programs such as TRICARE, et cetera. And so you are making sure that this individual is actually eligible for a tax credit. This is a routing of information, no storage in the hub --

Ms. DeGette. Right. So once the information has been checked against all those sources that you just talked about and confirmation has been forwarded back to the appropriate marketplace, what you are saying is this information is not stored. Is that right?

Ms. Tavener. It is not stored in the hub. When the individual actually completes an application, then we do store that application in the marketplace, which is a separate piece. So that if you are making an appeal or whatever, we are able to go back to your record. But again, we do not store health information.

Ms. DeGette. So the information that has been stored in the marketplace, who has access to that information?

Ms. Tavener. Individuals who have access to the marketplace are enrollment and eligibility workers that are either through the State-based exchange, they have their own enrollment and eligibility workers, or we have a single contract, which is the SIRCOS contract.

Ms. DeGette. And what are we going to do to make sure that those workers do not use that information inappropriately?

Ms. Tavener. There is a series. The history of CMS is we handle

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millions of records. So we have very tight security controls, the Privacy Act, we follow all the security requirements agreements.

Ms. DeGette. So let me just ask you, as Mr. Dingell would say, could you just provide us with a short written answer what the agency is doing to ensure consumers' privacy about this information?

Ms. Tavener. Yes. But it will be a lengthy answer because we have lots of security --

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Ms. DeGette. Lengthy is good in this situation. Thank you.

I have one last issue I want to talk to you about, because we keep hearing about people talking about again and again how health care reform is going to increase health care costs. So I am wondering if you can talk very briefly to us about recent trends in Medicare spending growth.

Ms. Tavener. Yes. We are very pleased with recent trends in Medicare spending growth. We have actually seen for 3 years in a row the lowest growth ever in Medicare spending, and we are very pleased with that.

We think it is a combination of things. Obviously, there are some payment reforms we have put in place. But we are most excited about our delivery system reforms, and we are excited about those because they are actually changing from paying for quantity to actually paying for outcomes. And we are taking this delivery system changes and we are spreading it across not only Medicare, but Medicaid, and we are working closely with the private industry to make sure this is an effort -- we want to be agnostic to payer. What we are trying to do is actually change the system so that we have coordinated care at lower cost. And we are actually focused on the high costs, which are complicated care, complex, long-term chronic disease. So it is a combination of things.

Ms. DeGette. Thank you very much.

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Thank you Madam Chair.

Mrs. Blackburn. Gentlelady yields back.

Dr. Murphy, 5 minutes.

Mr. Murphy. Thank you Madam Chair.

First of all, to get on the record, I just want to make sure we are still working on this. Is it your and the administration's intention to respect and adhere to the Constitution's First Amendment freedom of religion in the implementation of this law with employers.

Ms. Tavener. Yes.

Mr. Murphy. Thank you. Now I want to get at some other things here. I want to ask you a simple and direct question. Has the Affordable Care Act resulted in employers cutting workers' hours because of the mandate, yes or no?

Ms. Tavener. No.

Mr. Murphy. Okay. Well, let me tell you a story here. A gentleman contacted me who works two full-time jobs, one with a transformer manufacturer, another with a restaurant. He has a health insurance plan with the transformer manufacturer, but the restaurant says they have to cut his hours to part-time because otherwise they would have to provide him with health insurance. He asked the office, my office, if there was a form to fill out to prove the restaurant he has health insurance. So we called the Department of the Treasury asking them if there was anything they can do to assist him. Treasury

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officials we spoke to said that it is an issue between the gentleman and his employer, there is no way for the Federal Government to prove to the restaurant he has insurance with another employer and that they have no solution.

Now, is the answer the administration is giving to people acceptable under those circumstance, they have no way of working on such things to prove that they have insurance?

Ms. Tavener. I cannot speak to Treasury's answer, but I will tell you that when I --

Mr. Murphy. Do you have any solution to that?

Ms. Tavener. Yes. When I am out in the marketplace I have actually met with small business, with large business. We are not seeing folks changing their hours. Yes, we hear anecdotal stories as well.

Mr. Murphy. This goes back to the parallel universe situation. And when we had before my subcommittee, Oversight and Investigations, Mr. Mark Iwry, he was a senior adviser with the Department of Treasury, he had said that one of the issues of why they needed to delay the mandate for a year for employers was because employers were having a number of problems there. When asked specifically if he was hearing from individuals, it appeared that they did not have that, so I asked what his address was so people could let him know.

Now, I am hearing from you that you are not hearing from people

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either, which I think is a problem. So who can Americans write to, to get you the facts, because apparently you are not hearing them, that employers are cutting back hours, employees are losing hours? Should they just write to you care of CMS?

Ms. Tavener. They can certainly write to me and many of them do. But I think --

Mr. Murphy. But apparently you are not hearing --

Ms. Tavener. I am out actually in the markets talking to individuals.

Mr. Murphy. I hear that, but the fact that you are saying that you are not hearing that anybody is losing hours is phenomenal, because this is where -- look, we understand that this is the law. We are trying to get transparency. But when you and the administration hide things in a Fourth of July blog or in the middle of some other document, or one bill appears before us in committee and another one appears before us on the floor and waivers are granted to people, there is something wrong.

Now let me ask about this, too. Recently, some of the law's original supporters, labor unions, have claimed the law would substantially harm their current medical benefits despite many promises that if you like your coverage you can keep it. Are you having discussions with these unions about the impact of health care on their coverage?

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Ms. Tavener. Yes, we are certainly having discussions with unions.

Mr. Murphy. Did you see the full page ad in today's Washington Post from the Teamsters, the International Brotherhood of Electrical Workers, the Laborers International, the Treasury Employees, the United Union of Roofers, Waterproofers and Allied Workers saying it threatens to harm their members, that it takes money from the pockets of each laborer covered by health and welfare fund, it takes coverage away from employees who already receive it through their employers? Have you seen this ad?

Ms. Tavener. I have not.

Mr. Murphy. It is in today's paper. You might want to take a look at it.

[The information follows:]

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Mr. Murphy. This is no small concern. Now, you are saying that you haven't heard from people. It seems to me that these folks who represent thousands and thousands of workers are saying they are seeing some real problems here.

Ms. Tavener. I have actually said we have had ongoing meetings.

Mr. Murphy. This is 26 million people. Now, that is more than significant. And you are saying you are not hearing from people that there is a problem?

Ms. Tavener. For the third time, I have said we have had ongoing discussions with the labor unions.

Mr. Murphy. Are they telling you there is problems with people losing their jobs or losing coverage?

Ms. Tavener. We have heard their concerns and we are --

Mr. Murphy. Are you hearing from them that there is problems with people losing their jobs or losing their coverage?

Ms. Tavener. I have not heard that specifically.

Mr. Murphy. Whoa. Would you like to read today's paper? And this isn't the first time they have printed this in articles in Washington, D.C.

So this is the parallel universe. Look, I understand this is the law but our concern is that if you are all living in "Alice in Wonderland" you can't manage what you can't measure. You can't measure what you are not paying attention to. And although there are people

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on the other side of the aisle who are saying that we are not handling this the right away, this is our obligation to make sure that we are providing the kind of oversight to this.

And if you are not listening to the American people and not listening to labor unions, then some poor individual who contacts me that works at a restaurant and says I don't know what to do, I have no answer for him.

Thank you, Madam Chair.

Mrs. Blackburn. The gentleman yields back.

Ms. Matsui.

Ms. Matsui. Thank you very much, Madam Chairman.

And welcome, Madam Administrator. We are so happy to have you here and glad that you are on board.

I just a few questions here. You know, opponents of reform have spent a lot of energy trying to scare seniors into believing that they were losing Medicare benefits because of health reform. I would like to take this opportunity to correct this misinformation.

Administrator Tavenner, isn't it true that no senior will see their guaranteed Medicare benefits reduced, whether in private Medicare Advantage plan or traditional Medicare where seniors have free choice of doctors because of the Affordable Care Act?

Ms. Tavenner. Yes.

Ms. Matsui. Yes or no?

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Ms. Tavener. Seniors continue to receive all of their benefits.

Ms. Matsui. With the improvements in preventive benefits and prescription drug coverage, benefits actually improve for all Medicare beneficiaries, correct?

Ms. Tavener. Correct.

Ms. Matsui. In fact, in your testimony, you stated over 6.6 million seniors have saved more than \$7 billion on their prescription drugs as a result of ACA. Is that correct?

Ms. Tavener. That is correct.

Ms. Matsui. And almost 17 million Medicare beneficiaries have taken advantage of at least one free preventive service thus far in 2013, correct?

Ms. Tavener. Correct.

Ms. Matsui. Okay. Thank you very much. And I will make sure this summer that my constituents understand that.

Now, we all agree that eliminating waste, fraud, and abuse in Medicare and Medicaid should be a top priority as we seek to reduce spending. Roughly 10 percent of Medicare funding is lost to waste, fraud, and abuse each year.

Now, the Affordable Care Act takes important steps toward combating health care fraud, waste, and abuse, and over the last 3 years alone \$10.7 billion has been returned to the Medicare Trust Fund thanks to the ACA's anti-fraud provisions. I understand that just last week

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CMS imposed a temporary moratorium on the enrollment of Medicare home health providers in specific areas of the country considered fraud hotspots.

Can you give us a sense of other successful examples of the instances where the ACA has enabled CMS to successfully combat waste, fraud, and abuse?

Ms. Tavener. Yes. Obviously the moratorium was an important step and the first time we have actually taken that action. And the other areas, we have moved to a lot more on the predictive modeling. Instead of paying the funding out and then having to go recover, we are trying to do more sophisticated analytics, and so we have seen recoveries increase year over year over year. But likewise there is still a fair amount of fraud out there, so we have close working relationships with the OIG and DOJ, and we have expanded what we are calling our HEAT Programs and our work in that area.

We also have a close partnership with the States, working with attorneys general, and we have recently created a public-private partnership to work with insurers directly. So we are trying to combat fraud from many different angles. And we appreciate the tools that were given to us in the Affordable Care Act and the increased penalties to allow us to put more pressure in that area.

Ms. Matsui. Thank you very much.

Now, amid all the important growth to help enroll millions of

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Americans into Medicaid and new and improved private insurance options, we must not lose focus on one of the chief goals of health reform, transforming our current sick care system into a true health care system. As you know, a number of provisions in the Affordable Care Act were aimed squarely at promoting prevention, for example coverage for annual wellness visits for seniors in Medicare, access to recommended preventive services, no cost sharing for those in the new marketplace plans, and the creation of the historic Prevention and Public Health Fund.

To what extent is CMS overseeing implementation of these provisions and what progress can you report?

Ms. Tavener. As you mentioned earlier, and we sent reports out this week of the uptake in preventive services that we have seen in Medicare. We are also doing the same type of work in Medicaid, and the same type of cost sharing, lack of cost sharing, et cetera, is available on the exchanges. So there has been a big push toward prevention and a big piece of making prevention the first piece of the healthcare system and one that doesn't have copays or deductibles so we can encourage individuals to take advantage of the program.

It is also part of our regular ongoing marketing and educational information. And we will continue that as we open the exchanges.

Another point I will make is frequently we are so busy talking about the exchanges we forget to talk about the Innovation Center and

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the work that is going on there, which is also steeped in prevention, and working with States.

Ms. Matsui. Well, thank you very much, and I look forward to continue to work with you.

Thank you. I yield back my time.

Mrs. Blackburn. The gentlelady yields back.

Dr. Burgess 5 minutes.

Dr. Burgess. I thank the chairwoman.

First off, I would like to ask unanimous consent to put into the record a list of seven House-passed bills that President Obama has signed into law that repeal or defund parts of his healthcare law. And I would ask that be made part of the record.

Mrs. Blackburn. So ordered.

[The information follows:]

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Dr. Burgess. Madam Administrator, let me just ask you, and this is a quick one, April 13th, 31 members of this Committee from both sides of the dais sent you a letter on the issue of the average sales price Part B drugs in Medicare as they were affected by the sequester. Many of us think you have done the math wrong. You have sent us a reply that was actually a nonresponse. So we sent you another letter asking for an actual response. That was over a month ago. Can we expect a response to the second letter?

Ms. Tavener. Absolutely.

Dr. Burgess. Very well.

The issue of delaying the employer mandate, now, you testified before another committee that that was something you learned about late in June. Is that correct?

Ms. Tavener. June 25th.

Dr. Burgess. Well, who made the decision to do that?

Ms. Tavener. I did not answer who made the decision. Obviously it falls under --

Dr. Burgess. Yes, you did. Who told you that it was going to happen?

Ms. Tavener. I actually heard about it from my chief of staff on a phone call.

Dr. Burgess. Well, I would appreciate you getting back to us with the information of who phoned your chief of staff.

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Dr. Burgess. At any point did Valerie Jarrett interact with your office and say this is what we are going to do?

Ms. Tavener. Valerie Jarrett did not interact with me.

Dr. Burgess. Did you think it odd that it was a blog post on Valerie Jarrett's blog that informed the country of the delay of the employer mandate?

Ms. Tavener. I don't know that I would think it odd.

Dr. Burgess. Well, the rest of the country thought it was odd. You know, there are still a lot of unanswered questions there as to who is actually pulling or who is actually in charge here. I think you are supposed to be in charge, so I think you would have to be integrally involved with that decision, and yet I get the impression from you that you were kind of an innocent bystander while something came out of the West Wing of the White House. And that makes me uncomfortable because we had Mr. Cohen in our committee a few weeks before that, I asked him, are you going to be ready? Are you talking about delay? Are you going to narrow the scope of the Affordable Care Act? Absolutely not, we are on target, we are going to be ready. You said some of the same things this morning. And yet on July 2nd we are going to delay the individual mandate by a year.

So, again, can you understand our discomfort? You are supposed to be in charge of the administration of this program and yet it doesn't seem like you are.

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Ms. Tavener. Well, I am very much in charge of the administration of the marketplace.

Dr. Burgess. Great. Then you will provide us the information and the chain of information that came forward to your chief of staff as to how you were informed about that decision. I would also be interested, did you push back on that at all and say, hey, this law was perfect the way the President signed it in March of 2010. Did you push back against the West Wing at all about that?

Ms. Tavener. I am happy to get you that information.

[The information follows:]

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Dr. Burgess. All right. And my time is limited, let me move on to something else: 100 percent review for people who are under the self-attestation. That is great. I am glad to hear that. So how is subsidy recapture actually going to work? Someone on January 1st of 2014, is their subsidy based on what they earned in the previous calendar year? Because they won't have filed their income taxes yet. Are they going to tell you how much they are going to earn in calendar year 2014 for that subsidy? How is that actually going to work?

Ms. Tavener. If their income is unchanged from what they filed on their income tax, obviously it is based on that. If they have new information, they would provide us that and we would base it on their projected income for 2014.

Along the same line, part of the instruction to a consumer, someone signing up for tax credits, is if they suspect their income is going to change, or it does change, then they have a responsibility to notify us.

Dr. Burgess. Do they understand that the subsidy is paid to the insurance company for which they register to have insurance, but if there is an overpayment, if there is subsidy recapture, the individual, not the insurance company, the individual will have to pay that back. Do you think people have an understanding of that?

Ms. Tavener. Yes, that will be part of the --

Dr Burgess. No, they do not. I will just tell you they don't

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because I have asked in this committee other people who are signing up for insurance.

When can Texans expect to go online and be able to get information about how expensive coverage will be in the exchange?

Ms. Tavener. So the information about what is available in the exchange will be available to them October 1.

Dr. Burgess. So we won't know what our insurance is going to cost until October 1?

Ms. Tavener. The rates will be available in September. But I thought you were asking when an individual could actually go online.

Dr. Burgess. I will just tell you, we have heard a lot about constituents coming to town halls and asking questions. I went through your Web site sitting here at the dais, and the answer that I got was, your search returned zero plans, please check back later. That is what our constituents are seeing today if they go on your Web site to find out how much their insurance is going to cost in October.

Thank you, Madam Chairwoman.

Mrs. Blackburn. The gentleman's time has expired.

Ms. Castor, 5 minutes.

Ms. Castor. Thank you very much.

And welcome. I want to thank you for your oversight of implementation of the Affordable Care Act. It is so meaningful for my neighbors in Florida, in the Tampa Bay area. It has given them the

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economic security that they need in what is a difficult economy. It is lowering costs, improving benefits.

And I wanted to share with you in the greater Tampa Bay area just some of the statistics. First are my older neighbors on Medicare, it is pretty impressive. Over 77,000 of my older neighbors that are on Medicare have seen their drug costs lowered since 2011. That has put over \$100 million back into their pockets. Very meaningful indeed.

For those Medicare beneficiaries now, it is so important that they can go get the mammograms, the colonoscopies without the copay, and they are taking advantage of it. Because of this provision in the Affordable Care Act, over 1 million seniors in the greater Tampa Bay area have been eligible for those services without a copay, without additional co-insurance or deductible.

And then most people have insurance. If you have private insurance, and in my district alone I have kind of a younger community with a lot of college students, but when you look at the greater Tampa Bay area, we have almost 50,000 young adults that have been able to stay on their parents' policy. These are the parents and students I run into in the grocery store, the ones that call me, and they are now connecting the dots, yes, this was because of the Affordable Care Act.

In the greater Tampa Bay area, over 1 million individuals in the private plans also have better insurance and preventative services. And I love this number, this is one of my favorite ones: Almost 1

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million individuals in the greater Tampa Bay area have received those rebate checks. And this is one where there is a little bit of a disconnect, and they get that rebate check from the insurance company and they don't know it is because of the Affordable Care Act. So we have work to do to connect the dots there. That has brought \$47 million back to many of my neighbors throughout my community. And I know that there is more to come this summer, correct?

Ms. Tavener. That is correct.

Ms. Castor. You have been very measured in your testimony today. But I have to tell you, I get very distressed and almost upset when you think about the political theater up here. We are going to have another vote tomorrow, for the 40th time, to repeal these rights now that consumers have, the more meaningful insurance, those rebate checks, the fact that people with cancer and preexisting conditions can actually get insurance for a change.

And in Florida we have, you know, it appears that it almost does border on sabotage, to say to this consensus of the business community, the Florida Chamber of Commerce, the associated industries, consumer groups, the Republican-led Florida Legislature said we are not going to take the Medicaid expansion, even though that is our tax money, \$50 billion over the next 10 years. It is outrageous.

But were you also aware that the Republican legislature in Florida has tied the hands of our insurance commissioner to negotiate the new

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rates? Now, we are going to have a Federal exchange, but most States allow their insurance commissioner to negotiate rates. And just recently in Maryland, it is obvious that because the insurance commissioner had the ability to negotiate rates that the new premiums, rates came out, and they are much lower.

So I would like to ask you, what do you think of that? Our Office of Insurance Regulation, the good news is that in my home county, Hillsborough County, there are going to be 82 plans for people to choose from, six different health insurance companies. It is the same across the Bay in St. Petersburg and Pinellas. But why would you tie the hands of your insurance commissioner to regulate rates? And then what role will you have now in the review of those rates going forward?

Ms. Tavener. So I obviously can't speak to what is going on in Florida. I will tell you that we do have good working relationships with each of the commissioners, and so we try to help them. Also, that is exactly what is going on in August. States on the Federal exchange are submitting their proposed rates now, and we will be doing a review, working with each State during the month of August. And then obviously those rates get published in September.

Ms. Castor. And, you know, one of the other things they did, they passed a law that said there is going to be a State report on the rates, but they barred the insurance commissioner from taking into account the actual tax credits and subsidies. So here is the warning for

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Floridians: When you see the information you are going to have to dig a lot deeper because it is likely what will be published, the misinformation campaign, will not be the reality on the ground at the end of the day.

Thank you very much.

Mrs. Blackburn. Gentlelady yields back.

Dr. Gingrey, 5 minutes.

Dr. Gingrey. Madam Chairman, thank you so much.

First of all, I would like to thank Commissioner Tavenner for appearing before the Energy and Commerce Committee today.

With 60 days until the insurance exchanges have to be ready, we still, unfortunately, continue to see headlines that insurance costs will be going up and people purchasing through the exchanges will have fewer options.

Just this week, Commissioner, the insurance commissioner in my home State of Georgia, Ralph Hudgens, announced that we could see rates rise as much as 198 percent. On average, it is not a pretty situation. For an average 27-year-old male, premiums are set to rise 85 to 198 within the exchanges, while for a 45-year-old premiums will rise 40 to 100 percent.

And even an adult, an older adult just before the Medicare eligibility age will pay 18 to 48 percent more in the Obamacare exchanges.

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This is not just a Georgia problem, Madam Director, we have heard from a number of States that, believe it or not, the exact scenario we have been talking about since this bill was passed is occurring and people will be forced to spend even more money on their monthly premiums.

Did you expect to see such a rise?

Ms. Tavener. This is not what we are seeing across the country. Obviously, we have as many stories or probably more stories of where rates have actually come in lower than expected. And as I stated earlier --

Dr. Gingrey. Well, Madam Director, of course I am concerned about the entire country, yes, but I am especially concerned about Georgia.

President Obama campaigned that his plan was going to lower premiums across the country by \$2,500 a year, and here we are 3 years later with premiums higher by \$3,000 with a large jump expected again next year.

Do you expect there to be a time soon where we ever see premiums begin to drop across the country, including my State of Georgia?

Ms. Tavener. Yes, sir, I do. And that is why the competition and transparency are so important.

Dr. Gingrey. Listen, I appreciate that, and I hope you are right. I hope and pray that you are right.

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I also would like to point to the front page of this morning's Atlanta Journal-Constitution, you may have seen this, Madam Director, where the top headline reads, "Insurance Options Shrink." The article follows on the announcement yesterday that Aetna and Coventry will not be offering insurance through the exchanges next year in Georgia in any of the 16 regions.

Are you worried about a lack of competition in the exchanges?

Ms. Tavener. We have certain isolated incidences where we have fewer subscribers. In Georgia we are fortunate, we still have six plans. Even with Aetna and Coventry's withdrawal you do have good competition.

Dr Gingrey. Well, I am glad that you have a concern because I certainly do, and as I pointed out and you just mentioned, there are the 16 insurance regions in Georgia. Georgia is a big State, 10 million people. Two of these regions have only one insurance option, and 8 of the 16 there are only two options. Thank goodness Blue Cross Blue Shield is going to offer an option in all 16 regions. But it is the only health insurance company that is doing that. And it seems to me that this is no way to foster competition and encourage better and cheaper options for consumers.

Would you please help the committee to understand how citizens from the State of Georgia will be benefiting from higher costs and a lack of competition on these exchanges other than to dole out Federal

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subsidy money by self-attestation? You tried to assure us earlier that maybe that wouldn't be the case, but tell me a little bit more about your concerns.

Ms. Tavener. What we are seeing nationwide is actually more plans entering the market. So we are seeing an increase in competition, which is what we expected to happen. We have already said this process would take a few years, more and more companies will get interested. And we certainly think that will be true for Georgia. And we are pleased that Georgia has six plans and is covered.

Dr. Gingrey. Well, my last comment to you is in regards to the lack of a response. And this article I just referenced this morning in the AJC, Atlanta Journal-Constitution, to our insurance commissioner Mr. Hudgens regarding his request for an emergency 30-day delay for the submission of his rate review.

While I understand there was a tight timeframe given for a response, I find it unacceptable that the health and human services commissioner has still not offered even a preliminary response to his request, especially since yesterday was the deadline for submission.

So if you will take that message back to her, Madam Director, I would really appreciate it. The commissioner of insurance in Georgia, Ralph Hudgens, needs an answer and PDQ.

Ms. Tavener. Yes, and I understand that they were able to clear more plans yesterday. So we appreciate the commissioner's hard work.

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Dr. Gingrey. Thank you very much.

And, Madam Chairwoman, I yield back.

Mrs. Blackburn. The gentleman yields back.

Dr. Christensen, 5 minutes.

Dr Christensen. That you, Madam Chair.

And welcome, Administrator. We are glad to have you fully on board and look forward to working with you. And you may know that the Congressional Black Caucus is out in different districts helping to inform our constituents about the Affordable Care Act, the benefits that they have had, such as were recounted by my colleague, Ms. Castor, and what they can expect and how to access what will be available in 2014.

I also just, before I ask my question, want to refer my Republican colleagues to our Democratic memo, which really demonstrates that the dire predictions about insurance premiums are not really what is panning out in reality.

My question comes from my recent visit with the National Medical Association. Many of the newly insured will be minorities. And because they have not had ready access to health care, as even was reported by the most recent national health disparities report by the, Agency For Health Care Research and Quality, so they are going to be sicker, they are going to have multiple chronic diseases, exactly what the accountable care organizations, medical homes, and those new

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formations are meant to address.

The doctors that I met with are really concerned about their being left out of the ACOs that are being planned in their areas, as happened with many of the HMOs. And we know how important concordance of cultural, racial, ethnic, and linguistic concordance is between the patient and provider in terms of outcome.

So I know you are just recently confirmed, but you have been at CMS for a while. Do you know what has been done to reach out to black, Hispanic, Native American, and Asian health providers, who just like their patients may need special outreach and maybe some more support to make sure that they are able to fully participate and their patients benefit?

Ms. Tavener. So a couple of things. Obviously, as we move forward with the exchanges of the marketplace, there is considerable amount of energy, funding, campaigning that is targeted to African-American, Hispanic, and overall uninsured. So that is one area in our marketing.

In our education, the work that we are doing with navigators, the navigator awards will be made on August 15th, and part of looking through those awards is making sure that our navigator awards match the individuals who have expertise in that area. So that is a second area.

A third area, as we see ACOs and medical homes grow, we are

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starting to push on this issue of making sure we are hitting the underserved communities, particularly those with higher minority populations. So we are coming at it from several fronts and we are very interested in getting it right.

Dr. Christensen. Thanks. I would hope that the Office of Minority Health at CMS is involved, and perhaps we would like to maybe bring a few of the representatives of some of these organizations over to meet them.

Ms. Tavener. We would welcome that. And the Office of Minority Health is very involved. And in fact Cara is a member of our senior management team, so she is at every meeting right there with us.

Dr. Christensen. Thank you. And many of us have been concerned for a while and interacted with CMS over the years on issues about service and care for patients with end stage renal disease. With private insurance there is a period of time where the private insurance can continue before they go over to Medicare. Has this been considered for patients who are in the exchange who may develop end stage renal disease so that there is no --

Ms. Tavener. Gap.

Dr. Christensen. -- gap, barrier, for them to continue to receive their end stage renal disease treatment?

Ms. Tavener. Yes. We have been meeting with advocates with the associations and with insurers to make sure that there is not a gap.

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Dr. Christensen. Okay. The article that Dr. Cassidy, I think it was, referenced, a couple of things, just if you could tell me if they are true or false. ACA takes money from the pockets of each laborer covered by health and welfare funds?

Ms. Tavener. I don't think that is true. It is not.

Dr. Christensen. Or they take coverage away from employees who already have it through their employers?

Ms. Tavener. No.

Dr. Christensen. Okay. And this is the article that was referenced: ACA threatens to harm our members by dismantling multiemployer health plans.

Ms. Tavener. No.

Dr. Christensen. Not true.

Thank you, Madam Administrator.

I yield back.

Mrs. Blackburn. Thank you, Dr. Christensen.

At this time, Mr. Scalise, 5 minutes.

Mr. Scalise. Thank you, Madam Chair. I appreciate your having this hearing.

And, Administrator Tavener, I appreciate you coming to testify. There are a lot of questions that we have, and a lot of them really are rooted in the questions that our constituents have. And with all due respect to some of the answers you have given about the lack of

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problems that employers are facing, every single day I hear from employers back in my district that have nothing but problems and questions that are unanswered about the President's healthcare law.

And just Monday back in New Orleans I held a town hall meeting specifically focused on the healthcare law, again because we have a lot of people that have these questions. I invited the head of the Louisiana State Medical Society to come and talk about some of the impacts that our medical doctors are having in Louisiana. And I wish you were there because you would have heard some very serious concerns by a packed house, they literally had to bring in more chairs because of the overflow crowd. And first they had the Louisiana Medical Society talked about how this is adversely impacting our doctors in Louisiana, this interference between the doctor and patient relationship.

They had actually written an article about the expansion of Medicaid and the problems that that causes. In fact, they talked about the lack of ability for many doctors to even see new Medicaid patients because of the reimbursement rates and all of the problems in Medicaid. Medicaid is probably the most broken part of health care. And yet President Obama wants to put another 30 million people on Medicaid.

And then when we heard some of your questions, especially as it relates to employers that are being forced to reduce their workforce and also to reduce the number of hours of their workers because of the

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requirements and their inability to comply with components of this law, you seem to have a disconnect where you act as if you are not aware that this is going on.

Are you aware that employers across the country, clearly employers in my district, every single day are saying one of their biggest impediments to hiring more people, in fact one of their biggest impediments to keep in the current workforce they have is the President's healthcare law?

Ms. Tavener. What I am saying to you -- and I have spent time in your State, both in Baton Rouge, New Orleans, I have talked with hospitals, I have talked to physicians, so I have been involved in the States. And that is one point I want to keep making over and over again: I am out there, I am listening. I do hear isolated incidents of individuals trying to cut back hours. I don't hear so much about reducing --

Mr. Scalise. Do you really think it is isolated? I hear it every day and it is across the board, large employers, small employers, medium-size employers that are all saying the same thing. Rarely do you get that, competitors, people that compete down the street from each other saying the exact same thing about being forced to reduce their workforce. They don't want to do this. They love their employees.

Their employees have good health care. By the way, one of the

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broken promises of President Obama, if you like what you have you can keep it. I don't know if you have seen, and I know -- I think Dr. Murphy pointed out the article in the paper from the various unions, there was a letter written by James Hoffa, president of the International Brotherhood of Teamsters, Joseph Hansen, International President of UFCW, and D. Taylor, president of UNITE-HERE. Let me read you some of the comments because it sounds like you haven't heard this. And these are people, by the way, that pushed for this law to be passed. They were not opponents of the President's healthcare law. They were active supporters.

They said, the ACA, the Affordable Care Act, "will shatter not only our hard-earned health benefits, but destroy the foundation of the 40 hour workweek that is the backbone of the American middle class." That wasn't Steve Scalise or some other conservative Republican that voted against the law. This is the head of the unions that helped push this saying it will destroy, the President's healthcare law will destroy the foundation of the 40-hour workweek, which is the backbone of the American middle class.

And then you are testifying that this is some isolated incident. I mean, are you aware that they wrote this?

Ms. Tavener. Yes.

Mr. Scalise. Have you seen some of the other things they have said? "We have been bringing our deep concerns to the

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administration...our persuasive arguments have been disregarded and met with a stone wall by the White House and the pertinent agencies."

Again, this isn't some right-wing group. This is James Hoffa of the Teamsters saying that you all have been stonewalling their concerns, and then you are testifying saying these problems are isolated. And it seems like you are living in some cocoon where you think and you say in your testimony, "Two months from today, the Health Insurance Marketplace will be open for business, giving consumers an easy way to compare and enroll for affordable health insurance coverage." And again the President just admitted this thing is not working when he delayed the employer mandate. You know, I mean, I think you even said that the delay of the employer mandate could greatly contribute to the integrity of employer verification in the future. Did you write that or put that in a rule?

Ms. Tavener. I am sorry, could you repeat that.

Mr. Scalise. That the delay of the employer mandate could greatly contribute to the integrity of the reporting sections under 55 and 56 of the code, the employer mandate could greatly contribute to the integrity of the employer verification in the future. And as the President, and supposedly they didn't consult you, but as they decided to delay that employer mandate, does that jeopardize the integrity of the employer verification in the future? Because that was a concern you raised.

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Ms. Tavener. No, it was not a concern I raised. I said the delay or the transitional or whatever we are calling it, the delay of 1 year the employer mandate does not affect the implementation of the marketplace or the exchange --

Mrs. Blackburn. The gentleman's time has expired.

Mr. Scalise. Thank you. I yield back the balance of my time.

Mrs. Blackburn. Mr. Sarbanes.

Mr. Sarbanes. Thank you Madam Chair.

Thank you for being here. I appreciate your time.

I think our colleagues on the other side of the aisle are in a difficult place right now because they know that if this works it is going to do really great things for their constituents. So they are in this weird position where they are hoping it won't work but they don't want to really say that, so they keep bringing data and information and evidence of problems that are really part of the old system that don't bear the impression yet of the Affordable Care Act and the change that it can make.

If you look at the things that have actually taken effect already, I mean, the exchange is not in place yet. So if you are talking about premiums and what they are out there that are happening today, you are talking about something that exists prior to the implementation of the exchanges.

The stuff that the Affordable Care Act contain that has already

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taken effect actually are working pretty well, like keeping young people on their parents' insurance coverage until age 26. That has worked. Hundreds of thousands are benefiting across the country, the young people themselves and their families who don't have the anxiety attached to that anymore. You look at the reduction in out-of-pocket expenses because we have eliminated some copayments for our seniors for certain kinds of preventive screenings and other things. That is working and being embraced by the audience that is benefiting from it.

So if you were to look at the thing, if you were to say, projecting forward based on the experience of provisions that have already taken effect, how they have been received and how they are working, can we be optimistic that there is good things to come, you have to say yes about it.

Now there are projections being made, insurers are starting to come forward and indicate what the cost would be in the exchange. And Maryland, according to data we got hold, the average per-person monthly premium in the individual market in 2010 was \$219, slightly over what the U.S. average was. Under rates that were released last week for what would happen in the exchange where you get the benefit of this pooling, the rates would vary from \$114 for the Bronze plan for a 25-year-old, up to \$269 for a Silver plan for a 50-year-old. Those are pretty good rates by comparison. And that doesn't even account for the subsidies that are going to be available.

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So in those States, frankly, where the leadership embraced the Affordable Care Act, has been working closely with your agency to make sure that we have a good launch, the projections are pretty good.

The question I wanted to ask you is, I guess there are three categories of States in terms of how they have responded to the challenge of the exchanges. The one who have really embraced and said we are going to go out and do this, we are going to make it work. Maryland is an example of that, I am proud to say. There are States that I guess are going to be in a kind of joint capacity with you all.

Ms. Tavener. Right.

Mr. Sarbanes. And then there are the ones that completely resisted it. And, you know, you are going to have to kind of step in and make it work.

Presumably, in places where people have been embraced this, the prospects of the launch of this and the implementation going well, are going to be better than in places that were very resistant. And a lot of criticism of what is coming and projection of these doomsday scenarios, frankly, are coming from Members and others from the States that have been completely resistant to it, which I imagine is a little bit maddening for you. But maybe you could, in the last 30 seconds of my time here, you could just kind of talk about the distinctions of having to grapple with those three categories.

Ms. Tavener. Yes. Let me start by saying even those States

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that have been resistant that are in the federally facilitated exchange, that when I meet with individuals in those States, there is a great deal of enthusiasm of helping us, advocates, social services departments, hospital associations. And we have individuals who are going to be trained, who are going to help people sign up who want this law to pass, because they are frustrated with having individuals come in and saying, you can't get health insurance because of preexisting or you can't afford your health insurance. So they want to help. So even though they are in a federally facilitated exchange, there is a lot of enthusiasm at the ground level.

Large employers certainly have some concerns, and I have met with them and we have discussed those concerns and we have talked about how to manage. But they are also pleased to see the cost trends.

So even in States that have not actively embraced the State-based exchange, there is a lot of on-the-ground enthusiasm, and that is where the navigators and the in-person assisters will be so helpful to those States.

Mr. Sarbanes. Thank you.

Mrs. Blackburn. Gentleman yields back.

Mr. Latta.

Mr. Latta. Thank you very much, Madam Chair.

And, Madam Administrator, thanks very much for being with us today. It has been, I am sure, very interesting for all of us hearing

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your testimony. And it has also interesting to me because, again, listening to my fellow Republicans on this side of the aisle, some of the questions they have asked, and especially about how it is affecting their individual districts when they are out. And I know that some of the Members have already heard me say this, but the number one issue when I am out in my district when I talk to my businesses, small and large, is about Federal regulations. And now with the Obamacare coming on, it is really front and foremost in a lot of people's minds. And I would like to give you a couple of examples here.

First, I represent a district that has 60,000 manufacturing jobs -- again, large and small. I also represent the largest ag district in the State of Ohio, which is kind of an interesting way to have a district, but I am very, very proud of it.

I also have a lot of entrepreneurs out there that really want to get out there and employ people. But when I have had over, according to my office, over 330 meetings at businesses and factories with farmers and across the spectrum at universities, schools and colleges, and also with hospitals, they are very, very concerned about this law, especially what is happening, especially when I heard that you are saying you only know of isolated instances. So maybe what I could do is kind of point out more that what I am hearing, because we are on the road in our districts all the time.

And one of the things also I find interesting is that from the

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CBO, when they said recently that we are still going to have 31 million people uninsured in 10 years, and is that correct?

Ms. Tavener. I am sorry, I don't know what which one you are referring to.

Mr. Latta. With the Congressional Budget Office, when they came out with a report that we are still going to have 31 million people still uninsured in this country in 10 years?

Ms. Tavener. I am not familiar with that.

Mr. Latta. Okay. I advise you, if you can look that up.

Let me give you a couple of examples, because again, since you said that you are really not aware of these isolated instances, again, we are the ones that spend our time in the car in our districts. One report that came out from one of our local television stations about a gentleman that they interviewed that he worked at a restaurant, that he is going to have his hours cut because the owner of the restaurant said they just couldn't make the payment when it came on the insurance side. And so what is going to happen to him is going to happen to a lot of people in this country. The owner tried out finding other ways of cutting hours instead of cutting the employees, because he wanted to make sure people have a job. But the problem is now in this gentleman's case is that he is going to have less than 30 hours that he will be working a week and the worker reported that he will lose about \$400 a month with fewer hours having to pay the health insurance.

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And when he said he added it all up, he is going to have \$27.50 a week to live off of.

These are not isolated incidences out there.

Let me give you another example. I am getting calls from colleges and universities. I am very blessed to have quite a few in my district. These universities and colleges are calling me saying that the folks out there, these students, are having their hours cut right now, and they are getting fewer hours. So it is not only that they are not going to have problems getting health insurance, but the other problem they are going to end up with, they are going to have fewer dollars to be able to pay for their tuition. That is not an isolated incident. That is going across my district.

Give you another example. I went to two companies not too long ago, and it is very odd it was back to back with both of these companies, one had 35 employees, the other had 45 employees. The one with 45 employees had a business that could expand right now and they said they could double their business and double the amount of employees up to 90, but they are not going to do it. Why? Because they will not expand over the employer mandate of 50.

So what protections out there are we going to have, especially on the administration side, what protections from these penalty increases do employers have if they choose to pay that penalty? Are we going to see this penalty increasing? What is going to happen to

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those folks, for the employers?

Ms. Tavener. I will give you an isolated incident back about the Affordable Care Act. I met with an individual this past weekend who was employed State government, lost his job. He is an attorney. He is back on the individual market. So he is paying \$1,500 a month for his insurance. His agent called him last week to let him know that with the Affordable Care Act he could look for that to halve because he would have some buying power in the small market.

So when I say isolated incidences, I have met with large employers in Georgia, in Florida, I have met with small employers. I have been all across this country and I will continue to do so. And I will try to work with them. But there are stories of both examples, and that will continue to be the case.

Mr. Latta. Madam Chair, my time has expired and I yield back.

Mrs. Blackburn. The gentleman yields back.

Mr. Green for 5 minutes.

Mr. Green. Thank you, Madam Chairman.

Madam Administrator, I am a supporter of the Affordable Care Act, and I represent a district that has some of the highest in the country of people who work and are uninsured because their employees don't provide it. It is in Houston, Texas. And so we have a lot of challenges. And I know implementation of the ACA is a work in progress, but I am encouraged by the good news on rates from States like Maryland,

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New York, and California.

My first question is, what is the Federal Government doing to set up our national exchange in Texas? And when the federally run marketplace is operational in Texas, can my constituents count on some of the same things we are hearing on rates that would be in New York or Maryland or California, high quality health insurance?

Ms. Tavener. Yes, you can. And, in fact, we work closely with the Texas insurance commissioner. They have submitted their rates, they are on the Federal exchange. They have submitted their rates as of yesterday, as a matter of fact --

Mr. Green. I didn't know we had -- excuse me -- I didn't know we had a rate, we have never regulated rates in Texas.

Ms. Tavener. Well, they submitted the plans, they are going to participate on the exchange. We will be reviewing those in the month of August and then those rates will be public in September.

I have also spent a fair amount of time traveling in Texas, and will be back in Texas, because Texas is a huge population with a huge number of people who can be benefited from the Affordable Care Act. And when we release the navigator grants later this month, there will be a lot of people on the ground in Texas helping get folks signed up.

Mr. Green. Okay. And I am disappointed in our Governor and our legislature not being able to expand Medicaid. It will leave a lot of my constituents without access to health care.

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One of the concerns I have, the politics of the Affordable Care Act and Medicaid expansion has no place in our DSH procedures. And your office and myself, plus a number of Members, have been working on a problem we have with certain children's hospitals, one in Houston, Texas, but also in other parts of the country. I appreciate your work on that. I just heard that CMS has rejected any efforts on that.

My concern is, is that because Texas made a decision to reject Medicaid expansion or set up an exchange or partnering exchange, that shouldn't have any influence on the decision that we are working on for the children's hospitals. And let me talk a little bit about that.

Our office and members of the committee, that CMS regulations are now saying that freestanding children's hospitals are required to declare payments received from patients with private payers who, if they didn't have that private pay, would be counted as they would be under Medicaid. But since they have it, CMS has made the decision now that they are going to count those private payers as reductions in, frankly, Texas Children's Hospital in Houston. That would wipe out their DSH funding. We are fortunate, thank goodness, that we have some folks who can be covered who, if they weren't working, didn't have insurance, they would be under Medicaid. It seems like it is, you know, why would you count them against their Medicaid allocation and hurt their DSH funding?

I know we have tried to work together, but I just heard that there

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was a decision made, and I would hope you would continue and CMS would continue and delay that decision until we can find out a way we can do it. If we can't do it administratively, it is a bipartisan issue, we will have to find some vehicle to do it. But it seems like you are punishing folks, children's hospitals, who have an opportunity to have these folks to have insurance. And if they didn't they would be under Medicaid and they would be counted. I don't know why that decision was made.

Ms. Tavener. Well, I will continue to work with you and I can come meet with you on that topic. But one thing I will remind you on Medicaid and the DSH is it is in the President's proposed budget to delay the Medicaid DSH funding cuts -- separate issue, but obviously affects your facilities -- for 1 year to give States such as Texas an opportunity, if they decide to pursue the Medicaid expansion.

So we understand that some States might not be able to do it in year 1, but may be able to be on board by year 2, so the President is trying to take that into consideration.

Mr. Green. And we would hope by year 3 or 4 or 5 that a lot of these folks who show up -- although in Texas, because we have a very lean Medicaid program, they may not even be qualified for that. So, anyway, I appreciate your working with us. And also I wanted to keep in touch on what we are doing to roll out, because a lot of us in Texas are planning to do a lot of aggressive effort over the next month, and

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even into September, for October 1st.

Ms. Tavener. And I will say your hospital association has been wonderful working with us.

Mr. Green. Okay. Thank you.

I yield back the time.

Mrs. Blackburn. The gentleman yields back.

Mr. Lance, 5 minutes.

Mr. Lance. Thank you, Chairwoman Blackburn.

Good afternoon to you, Administrator. I have not met you. I look forward to working with you. Congratulations on your appointment, and congratulations also on your confirmation, not an easy feat.

Regarding Medicaid, it is my understanding that, whether or not a State has decided to participate in the Medicaid expansion, all States are now required to use a single streamlined Medicaid application. Is that accurate, Administrator?

Ms. Tavener. That is correct.

Mr. Lance. And as I also understand it, the application requires CMS approval and must be compatible with the application for the Federal exchange. And I believe that this streamlined application is supposed to be available for consumer use by October. Have you yet approved the streamlined application or when do you expect to be able to approve such application?

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Ms. Tavener. So the streamlined application has been back and forth, posted for public comment, et cetera, and it will be approved and available, the final, the end of August.

Mr. Lance. By the end of August, and that will give States roughly a month before it goes into effect in --

Ms. Tavener. Many States have already agreed to accept this application. There are some States who want to do their own, and we are working with those and approving those. But they will be approved before October.

Mr. Lance. Thank you. And as a matter of information, do you know where New Jersey is in that?

Ms. Tavener. I do not, but I can certainly find that out.

Mr. Lance. Certainly. Thank you very much.

Regarding the President's decision, or at least the administration's decision to postpone for 1 year the effect of the law as it relates to large employers, that was a decision of the Treasury, is that right?

Ms. Tavener. Yes. There are many pieces of the Affordable Care Act that rest with different agencies, and that rests with them.

Mr. Lance. And did CMS have any involvement in that? Were you advised or did you give your position on that before the decision was made by the administration?

Ms. Tavener. No. We were not asked to provide input. We were

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advised.

Mr. Lance. I see. Thank you.

Regarding the navigators, as I understand it, they cannot receive direct or indirect compensation from a health insurer, is that accurate, Administrator?

Ms. Tavener. There is some conflicts of interest involved in the navigators.

Mr. Lance. And regarding donations, is a nonprofit group permitted to receive donations from health insurers regarding navigators?

Ms. Tavener. So navigators are funded through CMS.

Mr. Lance. Absolutely.

Ms. Tavener. So that is actually separate and apart.

There are some, I am sure, insurers are also working on their own marketing campaigns. I am not aware of any overlap, but I can certainly ask that question.

Mr. Lance. Thank you. I have a concern as to how they will be paid and how the compensation will be determined and will there be any amounts that might be deemed too high for a navigator, for the payment of a navigator, and would this result in the application's being rejected? That is all currently being worked out?

Ms. Tavener. Yes, it is. And they will be awarded around August 15th. But that is part of what we look at today, because they

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have to follow all the Federal contracting rules, et cetera.

Mr. Lance. And we will be advised of that as these contracts are awarded in the middle of August?

Ms. Tavener. Yes.

Mr. Lance. Thank you very much, Madam Chairwoman. I yield back half a minute.

Mrs. Blackburn. Excellent.

Mr. Engel, 5 minutes.

Mr. Engel. Thank you, Madam Chair.

Administrator, welcome. I am sorry, I wish some of my friends on the other side of the aisle would stop badgering you. They ought to get over it. The Affordable Care Act was passed, it was signed into law, and the 2012 Presidential election was largely held on that. And the last time I looked the President won and the Republican nominee lost. And we ought to understand that the Affordable Care Act is here to stay. This committee played a very important role in the affordable healthcare act, and I am proud of the role we played, and I think that history will vindicate us in terms of it.

Some of my colleagues asked questions about rates. They are concerned about rates. My home State of New York long ago implemented numerous important consumer protections in the individual health insurance market, including community rating and requiring insurers to provide coverage for those with preexisting conditions. And

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unfortunately, without an individual mandate to purchase insurance, New York's health insurance rates have historically been very high. Therefore, I was very pleased to see the anticipated rates released last month for New Yorkers, it was the lead story in The New York Times, seeking to purchase health insurance in our State-run exchanges. On average the approved 2014 rates for even the highest tier plans represent a 53 percent reduction compared to last year's individual rates. Furthermore the average approved rates for the benchmark individual Silver plan in New York are nearly 10 percent lower than the nationwide average previously forecast by the CBO. These reductions don't take into account the subsidies that will be available for many New Yorkers purchasing coverage on the exchange, which will lead to even lower costs.

So these results tell a far different story than the claims of rate shocks that we have heard from many Republicans on this committee. Moreover, far from the Republican myths about the ACA resulting in a government takeover of health care, the free market is thriving. There are 17 insurers who have been approved to participate in our exchange, including eight carriers who are participating in the New York market for the first time.

So, Administrator, can you elaborate on the importance of the individual mandate for reducing costs and helping enroll people in both private insurance and Medicaid? And some of my Republican friends on

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this committee have suggested that the individual mandate, like the employer mandate, should be delayed for a year. What would be the impact of a delay of the individual mandate?

Ms. Tavener. Well, I think you have actually outlined some of that for me. The importance of the individual mandate is that we need all individuals to participate to spread the risk so that we can have competitive rates. And it actually is the foundation for the work that is going on with the establishment of the marketplaces, very different than the employer mandate.

We are pleased with New York. New York is an excellent example of new carriers entering the market, being able to decrease rates. We have great working relationships with the insurers. And I would be remiss if I didn't say that. And part of their interest in participating, obviously, is it is a growth market for them. These States represent new strong applicants. They have been good partners for us. So the individual mandate is critical.

Mr. Engel. I am going to also congratulate you as the confirmed administrator of the CMS. It is important to have one, and we are glad it is you. I also want to say that some of my colleagues who complained about the President delaying the employer mandate for a year, they complained when he didn't delay it, they complained when he delayed it, they would complain if he did nothing, and they would complain if it worked. So I think it is clear that they are just complaints at

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this point almost for the sake of complaining.

I wanted to raise something that Mr. Green raised and that is DSH cuts. The Affordable Care Act mandated significant changes to the Medicare and Medicaid DSH program starting in fiscal year 2014, and I am frustrated that many States are choosing to hurt their most vulnerable citizens by forgoing the Medicaid expansion and in some cases actively resisting efforts to make the insurance exchanges successful.

The result of these political games will be that far fewer Americans -- uninsured Americans -- will gain coverage through the ACA than originally projected, which undermines the very premise upon which the ACA's DSH provisions were based.

So I remain a strong supporter of the ACA, but I am concerned that the ACA's Medicare and Medicaid DSH provisions could significantly impact New York's hospitals and the patients they serve, even though New York is doing all it can to ensure its residents have healthcare coverage.

So could you please generally address CMS' approach to these DSH cuts and their impact on providers and the concerns that I have raised?

Ms. Tavener. Yes. Both of those are in proposed rules. Obviously, the President's budget would delay the Medicaid DSH cuts for 1 year. On the Medicare side, we have met with many constituents. We have listened to their concerns. We have reviewed their comments.

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And we are in the process of making as fair of a process as we can.

Mr. Engel. Thank you.

Thank you, Madam Chair.

Mrs. Blackburn. Thank you.

Dr. Cassidy, 5 minutes.

Dr. Cassidy. Ms. Tavenner, I have got lots of things, but first I want to clear up the record some. First, as I gather, you mentioned that the exchanges have been tried, but I have heard confidentially from a State director, not Louisiana's, but he does not want to be identified, that the testing with the States is not going particularly well and there is a growing concern by the States the exchanges will not be ready.

Ms. Tavenner. So 40 of the States have --

Dr. Cassidy. I will just say that because --

Ms. Tavenner. Well, I am challenging --

Dr. Cassidy. But I only have, like, 5 minutes.

Ms. Tavenner. I understand.

Dr. Cassidy. Secondly, also to clear up for the record, you mentioned that you had not heard of anybody decreasing hours in response to the ACA --

Ms. Tavenner. Actually, I said I had heard of isolated incidents.

Dr. Cassidy. Yes, so isolated incidents. The Bureau of Labor

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of Statistics says that involuntary part-time workers increased by \$322,000 in June, and that is a trim which has been preceding, so that is the Bureau of Labor statistics. We can get that for the record. The Philadelphia Fed and the New York Fed have both surveyed and let me just quote from the Philadelphia Fed. They are both basically the same though. What do you plan to do in the upcoming year in response to the ACA? Six percent are going to fire or refrain from hiring to keep below 50 FTEs, 8 percent are going to shift from full-time to part-time, 18 percent are going to outsource more work. This is objective data from the Fed. I know you have heard of isolated incidents.

Ms. Tavener. Congressman Cassidy, I could also present the same number of reports that say the opposite.

Dr. Cassidy. I have a question for you in just a second. I just have to clear up the record.

Secondly, my folks on the other side are saying that all these rate increases are less than the CBO estimate, but let's just also say that that is not a CBO estimate, it is the Assistant Secretary for Planning and Evaluation, ASPE, and so it is kind of a tortured methodology.

And lastly I would like to point out that my friend from Maryland says, oh, my gosh, Maryland is working hard, it is really going well. Actually, the rate increases for their folks, young, single, are

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estimated to be 150 percent. If that is working well, I don't know what to say about it.

Now, can you show my slides?

[Slide]

Dr. Cassidy. I am concerned about what is happening in Louisiana. You may not be able to see that, but if you look at the top -- let me see if I can get the slides here, I can't see it -- this is a young single guy, 26 years old, he is healthy. And right now -- heck, I can't see that, let me just see if I can get that up here -- his income is, what, \$33,000. His premium currently is about \$1,200. His premium is going to go to \$2,300. Now, here is a guy whose take home is 33K before taxes, before paying his student loans, before paying for his car, and we are going to charge him 1,000 bucks more.

Go to the next slide, please.

[Slide]

Ms. Tavener. So could I make a comment?

Dr. Cassidy. I will ask you to comment in just a second. In just a second. I only have 2 minutes left.

Ms. Tavener. First of all, those rates are not yet available for 2014 --

Dr. Cassidy. This couple earns \$63,000 a year gross, they currently pay \$2,400 for their policy. Under the ACA it is going to go up to \$8,000, a 211 percent increase. Now, if you were that

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32-year-old couple -- I would love to be 32 again, I suppose -- if one of us were and we had student loans trying to buy a house, maybe planning to have a kid, and you are going to be paying 5K more for insurance, taking things that, frankly, you don't particularly think you need, would you buy that policy?

Ms. Tavener. First of all, let me go back. Louisiana rates are not published for 2014, so I am assuming it is speculation.

Dr. Cassidy. This is a Blue Cross Blue Shield that they have released.

Ms. Tavener. Speculation.

Dr. Cassidy. Well, it is speculation, but I can tell you, Blue Cross Blue Shield --

Ms. Tavener. Okay. But on the first one I will remind you that I am assured those premiums --

Dr. Cassidy. Can you tell me five States that you think are going to have lower rates in the individual market than relative to the pre-ACA baseline for an equivalent policy?

Ms. Tavener. Absolutely.

Dr. Cassidy. New York.

Ms. Tavener. California. Oregon.

Dr. Cassidy. No, California, that is not baseline and I can show you that that is comparing to the small group market.

Ms. Tavener. So you asked me to name five states.

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Dr. Cassidy. But California is not true. You are being disingenuous.

Ms. Tavener. Oh, I am very true.

Dr. Cassidy. They are comparing -- and you know this, Ms. Tavener, you are so smart -- they are comparing relative to the small group market, not to the individual market. It has been shown --

Ms. Tavener. So the States would be California, Oregon, Washington, Maryland, New York, okay.

Dr. Cassidy. Washington? Okay. Let's just move on, because frankly we have a question of fact here, but we can clear that up.

Ms. Tavener. And by the way, that young guy, he is also eligible for catastrophic, and he can probably get that for 100 bucks a month.

Dr. Cassidy. Okay. That is a nice segue here. We had Mr. Cohen come and testify. He said that only dollars, if somebody took an has with a high deductible health plan that as regards calculating the MLR, only the portion of the has that was spent -- that was spent -- would count towards actual expenditures. If the person decides to save that dollar, husband it, if you will, then that would not count as an expenditure, it would count against the insurance company as regards their MLR. Is that your understanding of how the has --

Ms. Tavener. I am happy to take a look at that.

Dr. Cassidy. Okay, well, that is great.

[The information follows:]

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Dr. Cassidy. I have 16 seconds left, but I can't get my next question. I yield back.

Ms. Tavener. That 32-year-old --

Mrs. Blackburn. Gentleman --

Ms. Tavener. -- is speculative as well.

Mrs. Blackburn. Gentleman yields back.

Dr. Olson.

Mr. Olson. Thank you, Madam Chairwoman, for holding this hearing.

And thank you, Administrator Tavener, for joining us.

As some of my colleagues already pointed out, there are 2 months until the exchanges are open for enrollment, 61 days to be exact.

Ms. Tavener. Yes, I have a calendar in my office.

Mr. Olson. Yes, ma'am. My own State of Texas has opted to take part in a Federal exchange, and there is a real lack of information about what Texans need to know. The people I represent in Texas 22 are scared of Obamacare. They feel like they have been disrespected and not given information.

A couple of examples. They were stunned when the former Speaker told our Federal colleagues in Congress that they had to vote for the Affordable Care Act so they could figure out how it works later. Stunned. They threw their hands up. When the administration quietly announced that the heart of Obamacare, the employer mandate, was going

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to be unconstitutionally delayed, they are wondering what is going to happen next? What shoe will fall next?

And these Texans, who are struggling in this jobless recovery, are being told that they are going to lose a quarter of their salary, 25 percent, because of Obamacare's redefinition of a full-time employee from 40 hours per week to 30 hours. They are being called a 29er. They have no idea what that means.

They hear that one of the biggest proponents of this law on Capitol Hill is calling it a train wreck. They find out that last week, and now in The Washington Post today, that the labor unions, big proponents of this bill, this law, wrote a letter to Democrat leadership here in Congress saying that, and this is a quote, the Obamacare "will shatter not only our hard-earned benefits, but destroy the foundation of the 40 hour work week that is the backbone of the American middle class" -- "destroy the foundation of the 40 hour work week that is the backbone of the middle class."

All they have heard from the administration for 3 years, 4 months, and 7 days since Obamacare was signed into law is all is well, everything is fine. And, ma'am, you sort of said that today. With all due respect, they are not buying that spin.

I have tried to help my constituents. I went to HealthCare.gov, the page that says how can get ready to enroll in the marketplace, for some information for them. Here are some of the bullet points it gives

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to them, profound bullet points. Number one of them, gather basic information about your household income, say your budget. And the one I want to talk about most, ask your employer if it plans to offer health insurance in 2014.

And at the risk of going to a parallel universe, and following the lead of Chairman Pitts, Chairman Murphy, Mr. Terry, and Mr. Scalise, ma'am, every time I have gone home in the 3 years since this bill has been law every single time I go to a small business they have all said -- who provide health insurance for their employees -- Congressman, I have a plan to get rid of health insurance. It is good for my business, that is why I got it, I get better employees, I retain them, but I have to compete in the market. And it costs me, I have heard the minimum is \$6,000 per employee, per year, minimum. That is twice as much as the maximum penalty they will get under Obamacare. So automatically if one of their competitors drops off, they will have a huge competitive advantage, they will be forced to drop their health care.

And you have said the labor unions, you talked with them. How about a small business back in Texas or any part of the country that says they will have to drop their health care? Yes or no, ma'am?

Ms. Tavener. I have talked with lots of small businesses, none of them said they were dropping their health care.

Mr. Olson. None?

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Ms. Tavener. None.

Mr. Olson. That is a parallel universe, ma'am. Come on down to Fort Bend County. It is the most diverse county in America, Hispanic small business, Asian small business, African-American small business, white small business, they will all tell you this thing is a train wreck, I am going to probably drop my health insurance because I have to compete. I cannot believe that no one has told you --

Ms. Tavener. I actually talked to over 1,000 small businesses in Miami a couple of months ago. And what they are doing is they are trying to learn about the law and see if they can make it work for them.

Mr. Olson. These guys are trying to make it work, ma'am, but it is not economic, \$6,000 per year as opposed to \$3,000, that is huge costs sayings for a competitor. They will be forced to drop their health care. This bill again is a train wreck. I would love to have you come down to Fort Bend County, Texas, and take you around and meet the small business people I have met.

Ms. Tavener. I am happy to do that.

Mr. Olson. Yield back the balance of my time.

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RPTS JOHNSON

DCMN CRYSTAL

[12:39 p.m.]

Mrs. Blackburn. Gentleman's time has expired.

Mr. Johnson, 5 minutes.

Mr. Johnson. Thank you, Madam Chairman.

What did you do, Billy?

Mr. Long. I don't want to get blamed for this.

Mr. Johnson. This is an awfully big seat to sit in.

Ms. Tavenner, my colleague asked you about small businesses that have said they are dropping their health coverage. You said you have not talked to any. We have talked to hundreds, if not thousands, across America. If we give you a list will you add them to your call list so you can talk to some American businesses that are struggling with this? That is a simple -- that is a simple -- you will either do it or you won't.

Ms. Tavenner. Of course I will do it.

Mr. Johnson. Okay. Great.

Ms. Tavenner. I think anyone would tell you, I have a complete open door policy.

Mr. Johnson. Great. All right. Great. We are going to give you that list and get you to call some of them.

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Ms. Tavener. I am fine to take that list. I get hundreds of emails a day.

Mr. Johnson. The preexisting condition insurance program was supposed to last until 2014. You closed enrollment to this recently, Correct?

Ms. Tavener. The PCIP program?

Mr. Johnson. Yes.

Ms. Tavener. Yes.

Mr. Johnson. Okay. The Early Retiree Reinsurance Program was supposed to last until 2014. You closed enrollment for this in 2011, correct?

Ms. Tavener. No, I think they were to last --

Mr. Johnson. When did it close?

Ms. Tavener. Could I finish my sentence, please?

Mr. Johnson. When did it close?

Ms. Tavener. They were to last till 2014 or till the funding expired, and the funding expired.

Mr. Johnson. When did it close?

Ms. Tavener. I would have to get you the exact time. But the funding obviously expired last year.

Mr. Johnson. But you have closed it. You have closed it.

Ms. Tavener. Yes, because we expended all the funding.

Mr. Johnson. The CLASS program, Obamacare's long-term care

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program, this was actually repealed, right?

Ms. Tavener. I think you would know that.

Mr. Johnson. I am sorry?

Ms. Tavener. I think you would know that. I am taking your word for that.

Mr. Johnson. No. You don't know whether the CLASS program has been repealed or not?

Ms. Tavener. I said yes.

Mr. Johnson. Well, I am asking you the questions, ma'am. You are not asking me the questions.

Ms. Tavener. I said yes.

Mr. Johnson. Was it repealed?

Ms. Tavener. Yes.

Mr. Johnson. Okay. Thank you.

The 1099 reporting requirements, the need for businesses to report transactions totaling \$600, this was repealed as well, correct?

Ms. Tavener. I don't know the answer to that one.

Mr. Johnson. You don't know the answer to that one.

Ms. Tavener. I do not know the answer to that one.

Mr. Johnson. Wow. You have lived a shelter life.

Ms. Tavener. I live a busy life.

Mr. Johnson. Full implementation of the Small Business Health Options Program has been delayed as well, correct?

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Ms. Tavener. I am sorry, could you repeat that?

Mr. Johnson. The full implementation of the Small Business Health Options Program has been delayed as well.

Ms. Tavener. The SHOP program has not --

Mr. Johnson. The full implementation.

Ms. Tavener. The full implementation. The employee choice has been delayed for --

Mr. Johnson. Okay. Great. The employer mandate has been delayed as well, correct?

Ms. Tavener. For 1 year.

Mr. Johnson. For 1 year. Okay.

This is six Obamacare programs that were closed early, delayed, or outright repealed. Do you have any knowledge of other parts of the law that currently may need to be delayed?

Ms. Tavener. There is another piece of the law that already was delayed, the basic health plan.

Mr. Johnson. Do you have any knowledge of any other parts of the law that may need to be delayed?

Ms. Tavener. I do not.

Mr. Johnson. Have you had any conversations about delaying any other parts of the law besides those that we have discussed, you and I here?

Ms. Tavener. No.

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Mr. Johnson. Okay.

Well, you know, I have got a fundamental question. You went to great lengths in your opening testimony to talk about how the Affordable Care Act was to take care of working families. Yet when the administration determined that Obamacare is not ready for primetime, and I, along with millions of other Americans agree that it probably will never be, the decision was to delay the employer mandate. In other words, protect big business over working families.

Can you please explain to me and this committee and ultimately the American people why the administration chose to delay the employer mandate, but they are leaving hard-working American families out in the cold and still struggling to figure out how they are going to comply with the individual mandate?

Ms. Tavener. I see that as quite the opposite. What the exchanges and marketplaces will do will allow hard-working families who today cannot get insurance --

Mr. Johnson. But they are not even -- your Web site doesn't even tell them how they are going to enroll in these things. And you tell us that it won't be available until the 1st of October.

Ms. Tavener. Yes.

Mr. Johnson. I mean what are working families that have to live by a budget -- see, we understand that the administration doesn't buy into the idea of a budget, but the American people do. And they sit

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around their kitchen and dining room tables, and they have to learn to live by a budget. How are they supposed to figure out what they are going to be paying and not paying if you are not going to have this stuff ready until the day the law goes into effect?

Ms. Tavener. Well, a reminder that the day the law goes into effect is 3 months prior to coverage actually starting. So they will actually have information in October and can begin to enroll in October for coverage that begins in January.

Mr. Johnson. Well, I submit that the administration and your Department have made it very clear that your support is behind big business, it is not behind hard-working American families as you have tried to indicate that it is.

And with that, I yield back.

Mrs. Blackburn. The gentleman yields back.

Mr. Long for 5 minutes.

Mr. Long. Does my 5 minutes start after I sit down?

Mrs. Blackburn. Yes, sir.

Mr. Long. Thank you.

And thank you for being here today, giving your testimony.

And for the record, I have been here 2 hours and 42 minutes. I took about 3 minutes to walk out and get a cup of coffee in the breezeway out here. But when we have these committee hearings I try and attend them, and I try and stay, because I really try and drill down and figure

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out what the real problems are. And I think that you and anyone else would agree that there is a lot of problems with the implementation of this bill. The bill, if I remember right, was 2,600-some pages. I am 6'-1"'. I have got a picture of myself standing by the regulations so far that have been written for this bill that are about a foot and a half above my head stacked flat on the floor, the regulations.

And unfortunately, on the other side of the aisle, where there is one person now, people come in and sit down, you know, hit and run I call it. They come in and criticize what we are trying to do on our side of the aisle here, and they haven't even heard the testimony. They don't know what we have heard from people, they don't know what the other members have asked you. So I appreciate you sitting through the full 2 hours and 45 minutes, because I did miss 3 minutes of it.

And I believe during one of those questionings the gentle lady from the Virgin Islands asked you about this ad that is in today's paper. And actually, this is an ad in today's Washington Post, but it is a copy of an editorial that was in the Wall Street Journal back July the 12th. And I think, and correct me if I am wrong, but she said, the Affordable Care Act threatens to harm our members by dismantling multiemployer health plans. That is from the International Brotherhood of Electrical Workers. And you said that is not right, correct?

Ms. Tavener. I said I do not agree with that, that is correct.

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Mr. Long. Yeah. Okay. I don't want to put words in your mouth. And then she also said that, according to the National Treasury Employees Union, that it will take coverage away from employees who already receive it through their employers. And you don't agree with that either, do you?

Ms. Tavener. Well, I think what you are referring to here is some of the Taft-Hartley. And most of those employees are not eligible for tax credits. And I will remind you it is a very small individual --

Mr. Long. Take coverage away from employers who already receive it through their employer.

Ms. Tavener. I don't understand that statement.

Mr. Long. Okay. But I was thinking that you had disagreed with it earlier.

How much time we got? Two-and-a-half. Okay. Here we go.

With those two things fresh in your mind, that the Affordable Care Act threatens to harm our members by dismantling multiemployer health plans, and you said you didn't agree with that -- and again, that is from the IBEW workers -- I apologize for my throat. I have been fighting this croup for a week.

In my questioning, I would like to focus on the private insurance market reforms enacted under Obamacare and the effect they are having on dozens of businesses across the State of Missouri. Since 2006, the Missouri Association of Manufacturers has operated two healthcare

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consortiums, commonly referred to as multiple employer welfare arrangements. These groups now consist of 57 midsize employers that provide good, affordable health coverage to over 2,500 families that live in the State. Final rules relating to Obamacare's market reforms were issued in February of this year and state that in the case of the Missouri manufacturers healthcare consortiums any employer with fewer than 50 employees will be subject to strict new rules under the group market.

Eighty-one percent of employers covered under these consortiums have fewer than 50 employees. And this ruling will result in breaking apart their current arrangements and end the unique benefits and protections afforded to their employees. As President Obama promised years ago, these families, if they like their current healthcare coverage and want to keep it, they can. But sadly, it appears that that is not going to be the case.

While my staff attempts to get a final determination out of your agency on the future viability of these health plans, I would like to ask you some questions directly, yes or no, if you would, please.

Do you believe that these thousands of employees who do not want to lose their current coverage should be allowed to keep it? Yes or no?

Ms. Tavener. I would have to understand some of the details around this. I am not familiar with this, but I am happy to sit down

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with you and go through it, or with your staff.

Mr. Long. Okay. Well, it is a group of manufacturers, and maybe one has got seven employees and one --

Ms. Tavener. No, I understand that. But I don't know what their current coverage is. You know, I don't know how much it costs --

Mr. Long. Well, they have been told that they can no longer do this consortium thing if they are under 50. I mean, the point is --

Ms. Tavener. They have not been told that by me. I am happy to sit down with them and review it, but I can't answer --

Mr. Long. They would love to talk to you, and we will set that up. And is your agency dealing with similar multiemployer arrangements across the Nation and also effectively forcing them to end their current health benefit plan? You haven't heard of this?

Ms. Tavener. I cannot answer that yes or no. I am happy to deal with this on a case-by-case basis.

Mr. Long. Okay. But you don't know if similar multiemployer arrangements have been -- you don't have anybody come to you and say, hey, we have got a group of different employers and they are not going to be able to keep their coverage?

Ms. Tavener. I have not had anyone come to me. But that doesn't mean it doesn't exist.

Mr. Long. Okay. That is my question. Okay. Yeah, okay.

And then once these new rules do eventually break up Missouri's

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healthcare consortiums, where would you suggest these employers and families go for similar affordable comprehensive coverage?

Ms. Tavenner. Once again, I would have to sit down with them and see what --

Mr. Long. I will get you with those people. And I appreciate it. And I know I am over my time, but earlier you said that these exchanges were going to be affordable, I believe you said, and a lot of people were going to be saving a lot of money on the exchanges. Is that accurate?

Ms. Tavenner. Yes, I do believe that people will save money.

Mr. Long. Okay. If you would --

Mrs. Blackburn. The gentleman's time has expired.

Mr. Long. Okay. Thank you.

Mrs. Blackburn. Ms. Ellmers, 5 minutes.

Mrs. Ellmers. Thank you, Madam Chairman.

And thank you, Administrator Tavenner, for being with us today. In your opening statement you had mentioned your previous --

Ms. Tavenner. Yes, I saw your background as well.

Mrs. Ellmers. -- as nursing, and also as a hospital administrator.

Ms. Tavenner. Yes.

Mrs. Ellmers. Which leads me to some of my questioning today. I would like to go back to some of the discussion that was had by a

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couple of my colleagues. After the Treasury had come out with the employer reporting requirements being delayed for a year, you were asked by a couple of my colleagues, you know, did you express concern that the integrity of the employer verification system would be compromised? And you indicated no, that you had not done that after the delay was implemented. Is that correct?

Ms. Tavener. That is correct.

Mrs. Ellmers. Okay. Are you aware that you have previously issued a rule, on January 22nd, 2013, that stated that you -- and I am quoting -- "reporting under section 6055 and 6056 of the code," that is the employer mandate, "could greatly contribute to the integrity of the employer verification into the future"?

Ms. Tavener. I am happy to take a look at that.

Mrs. Ellmers. Okay. So yes or no, you are going to take a look at it?

Ms. Tavener. I am not doing a yes or no.

Mrs. Ellmers. Okay. Because I have that here as fact.

Ms. Tavener. I am happy to take a look at it.

Mrs. Ellmers. Okay. So you are not going to indicate whether that is true or that is not true?

Ms. Tavener. No, I would have to pull what I have done, take a look at it, and I am happy to verify that --

Mrs. Ellmers. Okay. So you can't comment on a rule that you put

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forward?

Ms. Tavener. I put a lot of rules forward, as you know.

Mrs. Ellmers. Okay. Well, we would like that for the record for committee, please. Thank you.

Ms. Tavener. I am happy to do that.

[The information follows:]

***** COMMITTEE INSERT *****

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Mrs. Ellmers. Okay. The next thing is the asset verification. Now, one thing I would like to clarify is CMS essentially is, you know, the governing body or the agency that is going to make sure that the coverage, the exchanges, that Medicaid, you know, will be implemented, and that you are overseeing that, correct?

Ms. Tavener. Yes.

Mrs. Ellmers. Yes. So when we are talking about HHS, HHS is actually over you, and essentially the decisions that they are making at that level will affect you, but not necessarily in a direct fashion, but almost in an indirect fashion.

Ms. Tavener. I usually am part of the senior management team of HHS.

Mrs. Ellmers. Okay. Okay. Great. So my question for you is, do you agree that because the asset verification is also going to be kind of put aside and we are going to be on an honor system, that this can contribute to fraud and abuse? That individuals who are going to the exchanges would possibly put forward information that they could be mistaken about or that they just feel that they are putting in information so that they can get a subsidy?

Ms. Tavener. Are you talking about income verification?

Mrs. Ellmers. I am talking about income verification and insurance verification. By delaying this, do you believe that that could contribute to fraud and abuse?

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Ms. Tavener. No.

Mrs. Ellmers. Okay. So you said no. Okay. Let's stop there.

If the answer is no --

Ms. Tavener. No, you are asking about -- are you asking about income verification? I am confused.

Mrs. Ellmers. Okay. Income verification or insurance verification by an employer. Either one or both.

Ms. Tavener. Okay. On the front end, remember we are doing 100 percent review of this, so if you ask me --

Mrs. Ellmers. Okay. On the front end. But that is put aside. The verification process will be on the back end, correct?

Ms. Tavener. Not for income, no, it is on the front end.

Mrs. Ellmers. Okay. So --

Ms. Tavener. That is why I think I am confused with what your question is.

Mrs. Ellmers. Okay. So the asset verification, so the understanding that we all have --

Ms. Tavener. Do you mean employer verification?

Mrs. Ellmers. No, I am not talking about employer verification.

Ms. Tavener. Okay.

Mrs. Ellmers. I am talking about the rule that came out by HHS a couple of days after. That is what I am talking about. Okay. So let's just stop there.

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Ms. Tavener. It is income verification, I think.

Mrs. Ellmers. Okay. We are talking about income verification.

Mrs. Tavener. I think you are confusing it with asset. We don't look at individual assets.

Mrs. Ellmers. Okay. Assets, income, you know, money.

Ms. Tavener. Income is what we look at, right?

Mrs. Ellmers. Money. Okay. Income verification. Do you or do you not believe that that could contribute to the possibility of someone fraudulently putting information forward?

Ms. Tavener. I don't know. I think there is a very small world of individual --

Mrs. Ellmers. Okay. Well, let's move on. Now, I do want --

Ms. Tavener. I really didn't answer that, right?

Mrs. Ellmers. Well, but you are not answering.

Ms. Tavener. I am trying.

Mrs. Ellmers. In your opening statement you discussed -- and I am with you, I want to see as many people as we can get coverage, insurance coverage, affordable insurance coverage. But isn't that really your goal? I mean, you know, as far as income verification, whether there is insurance being provided, isn't your goal really to just get as many people on this exchange as possible so that it prevents the possibility of moving forward for the actual verification and actual removal of the subsidy or having to pay back that money, because

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of your background?

Ms. Tavener. Once again, we are doing 100 percent review of income verification, so I don't understand your question.

Mrs. Ellmers. Okay. So you are saying that up front there will be 100 percent income verification.

Ms. Tavener. Correct.

Mrs. Ellmers. Okay. And I would like for you to provide to the committee that information as well, because that is not our understanding.

Ms. Tavener. That is fine.

[The information follows:]

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Mrs. Ellmers. Thank you.

And, Madam Chairman, I yield back the remainder of my time.

Mrs. Blackburn. Mr. Harper, 5 minutes.

Mr. Harper. Thank you, Madam Chair.

And thank you, Ms. Tavenner, for being here and for your testimony. And I also would like to tell you how much I appreciate your personal involvement with compounding pharmacists in Mississippi and our discussions with you towards our shared goal of maintaining access to necessary pain medication for some of Medicare's most vulnerable beneficiaries.

It was recently announced that the administration would be delaying the law's employer mandate until 2015. One of the reasons cited by the administration for delaying was to provide time to adapt health coverage and reporting systems while employers are moving toward making health coverage affordable and accessible for their employees, thereby decreasing the amount of uncompensated care that hospitals must provide.

As you are aware, hospitals, which certainly are large employers and a crucial component of our medical landscape, are also faced with navigating a multitude of regulations. Delaying DSH cuts would grant these medical providers the same stability recently afforded other employers. If the mandate to provide new coverage is to be delayed, then so should any corresponding cuts to reimbursements for

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uncompensated care.

In light of this decision, is the administration taking steps to delay the cuts to the DSH payments, to the disproportionate share hospital payments?

Ms. Tavener. In the President's proposed budget for 2014 there is a request for delay of Medicaid DSH cuts for 1 year.

Mr. Harper. So you would agree that the administration has that authority to do that?

Ms. Tavener. It is in the President's proposed budget for Medicaid, yes.

Mr. Harper. Thank you.

Just last week I received an email from a gentleman in Ridgeland, Mississippi, in my district. Forrest Collier is his name. And he noted that his family's healthcare premiums increased from roughly \$8,000 last year to nearly \$19,000 this year. That is an incredible jump. So we have a family in my home State that has seen their premiums jump from \$8,000 to \$19,000 a year.

Not only does this limit Forrest's ability to provide for his family, but this rate shock also has kept the Colliers from doing the things that they enjoy most. In Mr. Collier's words, he said in his email, "Obamacare is a train wreck and is having a huge impact on working families." You know, he is right, and this is not what Mississippi families were promised.

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Ms. Tavener. So I actually think, obviously, Obamacare, from his perspective, rates have not gone into effect yet. But what he is experiencing is what is in my written testimony, is the last decade of double-digit, triple-digit increases. That is what the Affordable Care Act is designed to correct.

Mr. Harper. And if I may say this, he is not the first person, he wasn't the one who coined the term train wreck. Actually, there have been Democratic Senators who voted for it who are declaring this a train wreck themselves. But the American people were promised time and again that working families would see a \$2,500 drop in premiums. And in your testimony, and you claim, and I paraphrase, that there is growing evidence that these reforms are working for the entire system, keeping costs low for consumers shopping for coverage in the private health insurance market.

How can the administration make this claim when Mr. Collier's testimonial proves otherwise, the other questions that we have had here? And interesting, it appears that the IRS chief Danny Werfel -- not the quarterback from Florida, but the current IRS chief -- said that he wanted to keep his healthcare plan and not switch to Obamacare. And so I just see that that has been reported. And of course the National Treasury Employees Union has done the form letter. And so, you know, I know you have said --

Ms. Tavener. So going back to your first question about costs,

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if you look at Medicare cost trends, it is at an all-time low. Medicaid is the same. And if you talk to large employers, as I have, particularly in Georgia, they will tell you that their cost trend is at the lowest.

Mr. Harper. And that is so contrary to what we are hearing in my State and from others that we have had. And I know you have talked to people all over the country. I have talked to people all over the State of Mississippi, more than even just my district, small and large as well. And the trend is greatly increasing. And we are also having people --

Ms. Tavener. So I think that in the individual --

Mr. Harper. I am going to give you a chance, okay?

Ms. Tavener. Okay.

Mr. Harper. But let me say this. And I do, again, appreciate your hospitality on our phone calls. But I do want to say this. I have had numerous people, employers and the employees, who said they have gone to part-time hours. So I think that your statement earlier in your testimony you might want to take another look at, because that is contrary to what we are seeing. And I thank you for your time today. Thank you.

And I yield back.

Mrs. Blackburn. Mr. Kinzinger, 5 minutes.

Mr. Kinzinger. Thank you, Madam Chair.

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And again, thank you for being here. I am sure you are enjoying every moment of this. But we love having you in front of us. And I appreciate your service to your country and being here. I don't know why I am getting echo here. It is probably you.

Mr. Griffith. That is what I was thinking. It must be Pompeo.

Mr. Kinzinger. I will see if that one works. All right. This is better.

I wanted to dovetail on what I heard a little earlier. I have not really had any small business tell me that this was going to work out for them. In fact, all we have been hearing, and I talk to small businesses and regular big businesses all the time in my district, and we consistently hear about their concern about this, what it is going to do. In fact, a lot of folks have said that they have held off on hiring people because they don't know what this is going to mean.

So I don't know, if you haven't heard from it, maybe we could set up a hotline or something where people can call, or an email address where they can tell their stories, because I guarantee you --

Ms. Tavener. So I am happy to work with your staff and set up as many conversations as you would like.

Mr. Kinzinger. That would be wonderful. Let me just ask you, I just have a few quick, hopefully, questions. Do you know how many agencies are involved with implementing the healthcare law?

Ms. Tavener. How many agencies?

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Mr. Kinzinger. Yeah.

Ms. Tavenner. I wouldn't know exact number. There are obviously multiple. We are at least working with eight other agencies.

Mr. Kinzinger. How many? What would you estimate? I mean, if you had to say.

Ms. Tavenner. I am happy to get that information for you. I wouldn't make a guess.

[The information follows:]

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Mr. Kinzinger. Okay. And how often are you in contact with the other agencies implementing this healthcare law? So who are some of the other ones you are in contact with? How often are you talking to them?

Ms. Tavenner. So I think for our staff, because of the testing of systems, they are in frequent contact with other agencies.

Mr. Kinzinger. Is there, like, a regular interagency meeting on the implementation that happens?

Ms. Tavenner. Yes.

Mr. Kinzinger. How often is that?

Ms. Tavenner. I actually think it is monthly.

Mr. Kinzinger. Okay.

Ms. Tavenner. But I can get back with you with the details.

[The information follows:]

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Mr. Kinzinger. Is there a deputies or other regular kind of meeting convened by the White House staff on implementation?

Ms. Tavener. I don't know the answer to that, but I can get it for you.

Mr. Kinzinger. Okay. So you don't know if the White House is --

Ms. Tavener. I am sure the White House is meeting. I am just saying I can't give you specifics. I would rather not speculate as I am sitting here in front of the committee. So I am happy to get you that information.

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Mr. Kinzinger. Okay. And as the head of CMS, how are you briefed on the implementation of the law as it is being implemented?

Ms. Tavener. How am I briefed?

Mr. Kinzinger. Yeah, how do they brief you?

Ms. Tavener. Oh, we talk about this daily, as you might imagine.

Mr. Kinzinger. So is it like an official brief, or is it kind of a spitballing, like here is what is going on?

Ms. Tavener. We have weekly operations meetings. We have informal briefings every day, as you might imagine, with 61 days left.

Mr. Kinzinger. Sure. Do you guys run a daily implementation meeting for the agency?

Ms. Tavener. Pretty much.

Mr. Kinzinger. Do you receive written updates, too?

Ms. Tavener. Written updates not so much, because you imagine every day it is much easier do that in an oral.

Mr. Kinzinger. So you get no written updates?

Ms. Tavener. We have written updates, yes.

Mr. Kinzinger. Would you mind at some point maybe submitting some of those for the record?

Ms. Tavener. I don't mind. I think that we have submitted them in the past, and we are happy to do so.

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Mr. Kinzinger. Good. Thank you. And does the HHS Office of Health Reform run regular meetings on implementation? And if so, how often?

Ms. Tavener. So the Office of Health Reform has been more on the policy end, so not so much daily implementation. They certainly participate in some of our meetings.

Mr. Kinzinger. Okay. Quickly, again, how much did you say the healthcare law was going to cost to implement? What is the latest estimates that you know?

Ms. Tavener. I think the specific request that I had was how much had we spent on the hub, and that is \$400 million.

Mr. Kinzinger. So does that number include the money spent on advertising and implementation?

Ms. Tavener. It does not.

Mr. Kinzinger. Do you know about how much that is?

Ms. Tavener. I am happy to get you our budget.

Mr. Kinzinger. But you don't have that on the top of your head, how much is being spent on --

Ms. Tavener. Well, I mean, I can start down the path. We are going to award like 50-some million in navigator grants. We have enrollment and eligibility contractors, which are a couple hundred million. I mean, I can go through the list, but I just think it is easier to supply you that on paper. I pretty much have all those

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memorized in my head. I just would like to get them accurate.

Mr. Kinzinger. And I got it. And I appreciate you submitting that on paper. But this is a public hearing where, you know, obviously, people want to be updated on how much their law is costing.

Ms. Tavener. Yes.

Mr. Kinzinger. So give me like just kind of a big total number. I don't need all the details --

Ms. Tavener. So a big total number for our spend, all inclusive of everything that we are doing?

Mr. Kinzinger. Yeah, advertising and outreach and all that.

Ms. Tavener. Right. Would be probably about \$1.3 billion.

Mr. Kinzinger. Okay. All right. And where is that money coming from?

Ms. Tavener. Well, obviously, part of it is from the Affordable Care Act, the billion, and then there has been some secretarial transfer of funding, and then some use of the prevention fund.

Mr. Kinzinger. Okay. All right. Well, that is all of my questions. And I thank you again for your time and being here.

And I yield back.

Ms. Tavener. Thank you.

Mrs. Blackburn. Mr. Bilirakis for 5 minutes.

Mr. Bilirakis. Thank you very much, Madam Chair. I appreciate it. We are getting a little echo again. Okay.

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Thank you for being here. I appreciate it very much. Thanks for being here all these hours.

I have a question, Administrator Tavenner. We are beginning to hear from States about their increasing concerns with the new eligibility system and the new requirements for determining Medicaid eligibility. These concerns are coming from States that are expansion States, but also non-expansion States like my State of Florida. Under the President's healthcare law, Medicaid eligibility will now follow a uniform income verification standard of modified adjusted gross income methodology. The question: Is CMS confident that all States will be ready to transition their existing eligibility policies to the new eligibility standard on October 1st, about 40 business days from now? That is the first question.

Ms. Tavenner. So what we are doing with States, we have States in varying degrees of readiness based on their systems and the changes in their systems. So we have some that will be fully automated and ready to go, some that have workarounds, but everyone will be able to move to the new --

Mr. Bilirakis. Specifically, as of today, how many States will be absolutely ready to implement these changes on October 1st?

Ms. Tavenner. That is a different question. You are asking me about the marketplaces. All States are ready to implement the marketplaces.

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Mr. Bilirakis. All States will be ready.

Ms. Tavener. On October 1st, yes.

Mr. Bilirakis. What protections are in place for States that are forced to make these quick Medicaid eligibility decisions? What protections are there? Has CMS done any internal projections and calculations of the cost from improperly accepting or denying individuals from Medicaid under the new eligibility requirements? But, yeah, first answer me what protections are in place to protect States.

Ms. Tavener. So I don't know that I look at it so much for protections. What we do is we have a team that is dedicated to working with the States to help them implement their programs and to help them have systems in place so that we can make sure that individuals are adequately being screened for Medicaid if they are eligible. Because each State is different. So we have individual teams working with each State to help them prepare.

Mr. Bilirakis. Okay. Then it is my understanding that there have been a total of \$20 billion in improper -- Medicaid eligibility review has resulted in an average of \$20 billion overpayments each year on the average. Can you share any projections with this committee with regard to that?

Ms. Tavener. You are talking about improper payments. And, yes, we can get you that information.

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Mr. Bilirakis. You can get that information to me?

Ms. Tavener. Of course.

Mr. Bilirakis. You don't have that available now?

Ms. Tavener. It is public, and I will be happy to get it to you.

[The information follows:]

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Mr. Bilirakis. Okay. Are you working on a contingency plan with States in the event that their systems are not ready by October 1st?

Ms. Tavener. That is what I am talking about with workarounds, mitigation, call it whatever you want. But yes, we have --

Mr. Bilirakis. But you are working on a contingency plan?

Ms. Tavener. Yes. Of course. As any large business.

Mr. Bilirakis. Okay. All right. Very good.

Madam Chair, I ask unanimous consent to enter into the record two items. The first is a letter from the Florida Department of Children and Families, where they talked about the challenges of the new Medicaid eligibility rules and the need for flexibility meeting the October deadline. And then the second one is a news story from Reuters about how the insurance rates in Florida and in Georgia are going to rise significantly. I ask unanimous consent.

Mrs. Blackburn. Without objection, so ordered.

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Mr. Bilirakis. Okay. Thank you very much. Appreciate it. I yield back.

Mrs. Blackburn. The gentleman yields --

Mr. Bilirakis. Oh, I would like to yield the remaining time to Dr. Cassidy, please.

Mrs. Blackburn. Without objection.

Dr. Cassidy.

Mr. Bilirakis. Thank you.

Dr. Cassidy. Thank you.

Hey, Ms. Tavenner, I am sorry I couldn't give you time to answer last time. There is so much to get through. But my friend yielded to me.

You mentioned that there is going to be 100 percent attestation for income. But I think we have up there, and again my bad eyes won't tell me this, but I have it on my computer, that you had issued a statement earlier. If you look at the second paragraph up there, this is in the Federal Register, "To provide relief to State-based exchanges planning to rely upon this attestation service, we are delaying the date by which the exchange must implement sample-based review, not 100 percent." And it goes on to say, without further verification, instead of following the procedure in 155.320, et cetera, et cetera.

So you are providing relief to State-based exchanges, and the exchange may accept the applicant's attestation regarding enrollment

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in the eligible employer-sponsored plan and eligibility for the qualifying coverage and eligible employer-sponsored plan. And that just seems different than what you said, that there is going to be 100 percent --

Ms. Tavener. Remember, I was talking about 100 percent review for the Federal exchanges, so for 34 States.

Dr. Cassidy. So California is the biggest State in the Union, obviously. So you will not have attestation for the biggest State in the Nation. You are giving them relief.

Ms. Tavener. I will get you how they are individually working it for each of the State-based exchanges. That is the easiest way to explain it.

[The information follows:]

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Dr. Cassidy. I understand that. But just for the record, you will not be doing, you are not requiring attestation --

Ms. Tavener. That is correct.

Dr. Cassidy. -- for California --

Ms. Tavener. That is correct.

Dr. Cassidy. -- which is the biggest State. So I am sorry, I didn't realize that you were speaking only of the Federal plan earlier. I wish this was earlier in the hearing, because I am not sure our colleagues appreciated that either.

I yield back. Thank you.

Mrs. Blackburn. The gentleman yields back.

Mr. Pompeo, 5 minutes.

Mr. Pompeo. Thank you, Madam Chairman.

A couple questions, I want to try and get yes or no answers. We haven't been very successful at getting yes or no answers today. I would sure appreciate if you would at least try.

You are involved in running test cases today with private insurers. Is that correct?

Ms. Tavener. Correct.

Mr. Pompeo. CMS is, not you. But CMS is involved.

Ms. Tavener. Yes.

Mr. Pompeo. What percentage of the exchange enrollment test cases you are running with these private insurers have been

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successfully passed?

Ms. Tavener. So I don't exactly know how to answer that question. All of them have been successfully passed. So you test --

Mr. Pompeo. So the answer is 100 percent.

Ms. Tavener. Yes, you test, you correct, you test, you correct, and you keep going. So we are about 80 percent complete on all of our testing throughout, okay? And the last 20 percent would be what you complete between now and October 1.

Mr. Pompeo. Sounds good. I want to ask you whether you agree with -- you talked about California being a model that is successful to where you are seeing rates go down. Is that right?

Ms. Tavener. The rates, yes.

Mr. Pompeo. I want to read you a statement that is in Governor Brown -- noted conservative -- Governor Brown's budget, where he says, "Large rate increases in the individual insurance market are likely at the outset due to the requirement to offer coverage to all individuals." Is he just wrong?

Ms. Tavener. I am not --

Mr. Pompeo. No, but he made a statement. It conflicts apparently with what you said. Is Governor Brown wrong?

Ms. Tavener. I am going to say we were pleased with the rates, and we have seen a decrease, and so far what we have seen in terms of published rates, it is actually running about 18 percent below CBO

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estimates.

Mr. Pompeo. I asked that question, importantly today, we had someone on the other side say that we are badgering you and suggested this was conservatives who didn't like the Affordable Care Act. Governor Brown in California, the State that you all hold up as the model for what the Affordable Care Act is doing, in his budget, where he has got to actually balance, suggests otherwise. And so I suppose time will tell whether you, Ms. Tavenner, are correct or Governor Brown is correct.

CBO says \$12 billion is the cost from the delay of the employer mandate. Do you agree with that data?

Ms. Tavenner. I saw the CBO estimate.

Mr. Pompeo. Do you agree with the estimate? Do you believe that is correct?

Ms. Tavenner. I mean, I would have no way --

Mr. Pompeo. But you are responsible for the implementation of this. You have to have a view. When you made the decisions, you have to have a view.

Ms. Tavenner. So first of all, I will remind you, the employer mandate sits with Treasury. Second, I would have every reason to believe CBO estimates.

Mr. Pompeo. Do you know how 1 year was chosen for the delay? Why not 11 months and why not 13 months? Do you know how 1 year was chosen?

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Did you have input into that?

Ms. Tavener. I did not have input into that.

Mr. Pompeo. So you don't know why it was chosen. Do you think there is any risk that it will be delayed again?

Ms. Tavener. I don't have an answer for that either.

Mr. Pompeo. So you think there is some chance that it will be. You didn't know about it the first time.

Ms. Tavener. That is not what I said, but okay.

Mr. Pompeo. No, my question is, do you think there is any chance it will be extended one more time?

Ms. Tavener. I don't see any reason that it would be.

Mr. Pompeo. No reason. So you think the probability is zero?

Ms. Tavener. Yes, I think the probability is zero.

Mr. Pompeo. All right. Time will tell.

You have a series of folks that have talked to you about things today, you have mostly excused them as anecdote, you said they were isolated. You have talked about folks with businesses who were going to get rid of their coverage.

I have a letter that I would like to submit that came from a doctor in Kansas, Madam Chairman, I would like to submit it for the record.

Mrs. Blackburn. Without objection.

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Mr. Pompeo. And he talks about the fact that it will be more difficult for him to run his practice under the Affordable Care Act and that he thinks throughout Kansas there will be less access as a result of that. Is he right about that?

Ms. Tavener. If you are asking are we having good physician participation on the exchanges, the answer would be yes. We still have it in Medicare and Medicaid, so we are not seeing less access. We have always had pockets of access and coverage that we have been worried about across the country.

Mr. Pompeo. So what should I tell him? Should I tell him to stop worrying about it, or that he is wrong, or that Ms. Tavener assures him he is going to be okay? Which of those three responses? Because I have got to respond --

Ms. Tavener. First of all, you can tell him he can talk to me. Okay?

Mr. Pompeo. All right. I am confident he will like to speak to you.

Ms. Tavener. But second, what I would tell him is that we actively work to make sure that we have access in Medicare, Medicaid, and in the exchanges, and that we are also actively promoting training. Because we understand as you insure more people you are going to need more primary care physicians. And that was also part of the funding of the Affordable Care Act.

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Mr. Pompeo. So you are assuring me that we are going to continue, that we are not going to see large numbers of doctors have the same view that he is concerned with. Is that right?

Ms. Tavener. That is right.

Mr. Pompeo. All right. Great. I hope that you are right.

Last, this should be easy for you to answer yes or no. The President said, if you like what you have you can keep it. Is that true?

Ms. Tavener. Yes, it is true for large employers.

Mr. Pompeo. No, no, he didn't put the caveat for large employers. You just added a caveat. He said, if you like what you have you can keep it. Is that true?

Ms. Tavener. It is true, and that is under the assumption that your insurance is true insurance, that it provides coverage. Obviously, we have put some protections in place against insurance that is not true insurance where individuals are paying monthly fees and then go in to find out, oops, their hospitalization is not covered, or oops, their cancer care is not covered. So we put some protections in place around that.

Mr. Pompeo. Madam Chair, I yield back.

Mrs. Blackburn. The gentleman yields back.

Mr. Griffith, 5 minutes.

Mr. Griffith. Thank you, Madam Chair.

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Thank you for being with us. I would reference you first to a Roanoke Times article that is actually a reprint or same day as the Richmond Times-Dispatch about Virginia, our home State. And it says that while most localities in Virginia have three or four plans available, talking about plans that have been approved by the Virginia insurance folks to be in the insurance exchange, while most localities in Virginia will have three or four plans available, several localities in southwest Virginia will have only one plan offered.

That certainly wasn't what was contemplated when the bill was passed, was it, that there would be areas that would only have one plan, one choice? That wasn't contemplated? Yes or no? Because we only have limited time.

Ms. Tavener. Congressman Griffith, you know as well as I do there has only been a history of one insurance plan in southwest Virginia. It will take time to introduce new plans to rural markets, and that is an example of a rural market.

Mr. Griffith. And I was surprised that you have indicated throughout this that you have heard of isolated incidences where people were laying off or cutting back hours significantly in light of the fact that the Commonwealth of Virginia itself, 7,500, according to the Richmond Times-Dispatch, Washington Post article indicates that maybe as many as 10,000 Virginia, Commonwealth of Virginia employees are having their hours cut. You wouldn't consider the Commonwealth of

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Virginia as an isolated incident, would you?

Ms. Tavener. I have heard of the State of Virginia, yes, and that it would be one of the ones of the isolated incidents I have seen.

Mr. Griffith. So up to 10,000 employees that are being impacted are isolated?

Ms. Tavener. And I will remind you it is up to 10,000.

Mr. Griffith. Let me refer --

Ms. Tavener. But I don't think they have taken any action yet. In fact --

Mr. Griffith. Oh, yes, they have, ma'am. It is the law of the Commonwealth of Virginia as of July 1. It would have been nice, if the administration was going to delay that, if they had let folks know before then, because they notified after the law took effect in Virginia. And so those employees have already been impacted.

And furthermore, it is not just the Commonwealth of Virginia. I have counties in southwest Virginia that also have made some decisions in that regard. And according to a Washington Post article of July 24th, talking about the Virginia situation, that is not isolated. They indicate there that a company called Mercer in that article, which I would recommend to you, has done a survey, and estimated that 12 percent of the employers in the United States plan to lay off workers or cut their hours back. This is where we get frustrated --

Ms. Tavener. And I can submit to you an equal number of studies

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that say quite the opposite.

Mr. Griffith. Okay. Well, the Commonwealth of Virginia is not a study, it is a fact.

Now, that being said, you indicated earlier that you are willing to talk. Because I have employers all over southwest Virginia that are concerned. And you indicated to Mr. Kinzinger that you would be happy to talk with those employers. Is that also true for my constituents?

Ms. Tavener. Absolutely.

Mr. Griffith. Thank you very much. I do appreciate that, because it is a big concern. And I will tell you that, you know, we are hearing -- I mean I have heard from one business that does deal with the service industry that they are struggling with what they are going to do. But one of the things that they might be able to do would be to lay off about 12 or 13 employees on one shift that is their least productive shift. But if they laid that shift off they wouldn't be covered because they would have less than 50 employees. For those of us out in the field on a regular basis, and I know you have said you have been out there, but you are hearing something completely different from us.

Also, if I might ask this question. When does the Medicaid maintenance-of-effort expire for a State that has deferred to a federally facilitated exchange? Will you be issuing further guidance

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on the MOE, as the last guidance was issued before the Supreme Court decision?

Ms. Tavener. Okay. So the exchange and MOE are two separate issues, right?

Mr. Griffith. All right.

Ms. Tavener. But there is guidance out there on maintenance-of-effort. And I am happy to answer any of your questions.

Mr. Griffith. When would that expire for a State that has deferred to the Federal exchange?

Ms. Tavener. I don't think it is related to the Federal exchange. And I don't think the MOE expires per se.

Mr. Griffith. So you don't think it will ever expire?

Ms. Tavener. I am not sure what your question is.

Mr. Griffith. I understand. All right. Well, will get that question to you so you can get us a question in writing back on that.

Ms. Tavener. That would be fine. If you can give me an example.

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Mr. Griffith. Yeah. I also will tell you that one of the big concerns I have, because in those areas where we have limited health insurance coverage in southwest Virginia, we are also seeing some real stress on our small rural hospitals.

Ms. Tavener. Absolutely.

Mr. Griffith. And I am very concerned. Some have already indicated they are laying off folks because they are concerned that they won't get enough patients in a particular practice area. And for some of my people that means in very critical areas of health care they are now looking to have to drive an hour and a half to 2 hours to get the care that they used to be able to get in their hometown. And the folks are saying that that is directly related to some of the aspects of Obamacare. Do you have time to comment on that?

Ms. Tavener. You know that I am very familiar with rural Virginia --

Mr. Griffith. Yes, ma'am.

Ms. Tavener. -- and issues of access. I think they were there before Obamacare.

Mr. Griffith. They were there before Obamacare. Unfortunately, the stress from Obamacare is making them worse.

I appreciate it and yield back.

Mrs. Blackburn. The gentleman yields back.

And Mr. Long, I think you wanted 30 seconds to finish?

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Mr. Long. Thank you, Madam Chairwoman.

Earlier I had mentioned to you about the Missouri Association of Manufacturers. And my staff has informed me that they have been in contact with your people, your attorneys in particular.

Ms. Tavener. Okay.

Mr. Long. So Pete Stehouwer from my office is going to give you Rita Needham's phone number and email.

Ms. Tavener. Perfect.

Mr. Long. And if you would promise me that you will get involved directly with her and talk to her. Because sometimes it gets at the staff level, through your attorneys, you might not be aware of it. But it is 25,000 families in Missouri. And I really appreciate it.

Ms. Tavener. I will do that.

Mr. Long. Thank you. And thanks for your time here, our 3 hours and 20-some minutes we have been here. Thank you.

Ms. Tavener. And I am hoping we are near the end, because I do have some other work to do called 61 days.

Mrs. Blackburn. Well, and I do want to thank you. And I do want to thank all of our members who have been very patient today. And we thank you for your testimony. I would ask that all members remember that additional questions can be submitted for 10 days, that will be by August 15, the close of business.

Ms. Tavener, we do ask that you respond very promptly to these

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because we are looking at an October 1 start.

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Mrs. Blackburn. And as you can hear, our constituents have questions. They are very valid. And on both sides of the aisle there were questions for you. And they are things that are coming from constituents who are seeking answers and are not getting them. So we do thank you for that.

Without objection, this hearing is adjourned.

[Whereupon, at 1:24 p.m., the committee was adjourned.]