



Thank you for inviting Freelancers Union to testify before the committee today. I am Lacey Clarke, Director of Policy for Freelancers Union.

Freelancers Union has been providing health insurance to New Yorkers since 2001. We were the third-largest grantee chosen to provide benefits for the 9/11 Fund, helping small business employees whose operations had suffered after the attack. As a result of our success there, the American Red Cross called on us to provide benefits to individuals who had either been in one of the Twin Towers or lost a loved one in the attack. For the next several years, Freelancers Union offered health benefits to independent workers through a portable benefits fund.

Eventually, we decided to start our own insurance company, rather than simply connecting our members to other company's plans. Freelancers Insurance Company (FIC) was created in 2009 as a demonstration project with bipartisan support from the New York State legislature. It is the first social-purpose health insurance company to offer independent workers affordable, stable, and portable health insurance, and is wholly owned by Freelancers Union. FIC aims to provide insurance to the 31% of the workforce – freelancers, consultants, temps, contractors, and the self-employed – excluded from traditional work-based supports.

FIC covers more than 25,000 New Yorkers through 5 health plan designs tailored specifically for freelancers. In 2012, we launched Freelancers Medical, an innovative, patient-centered primary care program that offers free primary care with \$0 copays for all visits and free yoga, acupuncture, meditation and other classes. Enrollment has already surpassed expectations with more than 3,500 members signed up after only 12 months and we're excited to open our second location in downtown Manhattan next month. And, despite this new offering, members have seen zero premium increases for two consecutive years.

FIC was created in 2009, before the Affordable Care Act was enacted and greatly changed the health care marketplace. In 2012, this legislature recognized the potential upheaval that the ACA could cause in the individual health care market and wisely extended the sunset date for the demonstration project for one year- until the end of 2014- to ensure that FIC members would have a smooth transition during the first year of the health exchanges.

At the end of 2012 and in early 2013, the federal government promulgated numerous rules and regulations in preparation for the ACA's implementation in 2014. As we followed the events, it became clear that several of our very popular health plans would need to be altered, at great expense. Additionally, more than 70% of our members, most of whom are middle income earners, would not qualify for subsidies on the exchange and would see significant increases in their monthly premiums. However, thanks to the forward thinking of Chairmen Hannon and Seward, this legislature reaffirmed FIC's ability to continue to offer its affordable, comprehensive plans for these independent workers through the end of 2014. We are very pleased to report that FIC members have not experienced any disruption in coverage and 97% of members renewed their existing coverage in December for another year.

In addition to FIC, Freelancers Union also owns a health care technology company that provides back end services to insurances companies in several states, including New York, New Jersey; whose exchange is run by the federal government and Oregon; who runs their own state exchange. Our experience working with both the federal and another state exchange has only highlighted the exemplary work that New York State has done on their exchange and in managing the implementation process. The New York insurance company we provide consulting services for had very few delays in enrollment, New Yorkers were easily able to enroll in their on-exchange plans from day one, and Exchange staff have been well-informed and accessible throughout the process.

While Freelancers Insurance Company does not currently offer health coverage on the New York Exchange today, Freelancers Union is committed to ensuring that our members transition smoothly onto the exchange for 2015. Our focus in the upcoming months will be to educate our members about the exchange offerings and assist them in choosing a plan that will best meet their health needs. We look forward to continuing to work with Donna Frescatore and DFS as we guide members through the enrollment process for 2015.

Thank you again for inviting me to testify before you today and I am happy to answer any questions you may have.