

Ladies and Gentlemen; thank you very much for affording communities the opportunity to offer testimony on this important issue of health care exchanges. My name is Frank Maneen, and I work for First Niagara Benefits Consulting. FNBC has its beginnings right here in Rochester, and now has offices across upstate New York, Pennsylvania and Connecticut. Our firm provides consulting advice to businesses with as few as one employee, and as many as 5,000 employees. We are in regular contact with clients regarding health care reform, so my comments today are a result of many conversations with employers large and small located here in Rochester, and across upstate New York.

In order to provide the greatest number of people access to adequate and affordable health care, we at First Niagara Benefits Consulting, would offer the following to the questions posed regarding Health Insurance Exchanges:

1.) Should there be one statewide Exchange with adjustments for different regional conditions or do we need separate regional Exchanges?

Separate regional exchanges are needed as carriers, administrative practices and cost vary widely from region to region. Not only does it seem inappropriate to ask regions where care is more affordable to subsidize those that are more costly, offering a single statewide exchange would likely result in very low or no enrollment at all in some regions as there will be more attractive local benefit options at a more affordable cost.

2.) Should there be one combined Exchange for individuals and small businesses or separate Exchanges for each group? In determining premium cost, should the individual and small group markets be combined, spreading cost and risk over both groups?

Separate individual, sole proprietor and small group exchanges should be created. Combining these groups' will increase the cost to small businesses, forcing them to subsidize the individual and sole proprietor markets. We believe this will result in fewer small groups offering benefits to their employees, forcing the employees to look elsewhere to buy insurance. Because penalties for being uninsured are significantly less than the cost of buying insurance, the healthy are likely to remain uninsured while the less healthy enroll and send the cost of insurance up further still. Also consider that the small group market is where much of the underwriting is being done to control cost and it is through the employer that access to most wellness programs and other efforts to reduce absenteeism, increase employee productivity and promotion of improved general health are being done.

3.) Should small businesses with more than 50 employees be allowed to participate?

Larger groups would, by virtue of their size, have a much greater impact on the rates and stability of the exchange. This is to say, larger groups could potentially move in and out of the exchange as they encounter more attractive programs outside the exchange. Such movement would affect actuarial assumptions which may create significant rate volatility and possibly leave the exchange financially unstable.

4.) How many different plans should be offered so that consumers have real understandable choices that allow them to make informed choices? Are too many choices bad for consumers?

A variety of plans should be available through the exchanges. The needs of the people of New York State vary widely from region to region, employer to employer and person to person. Consumers prefer choice. Much of our population has made significant efforts to better understand the intricacies of the complex world of health care and health insurance and they should be afforded access to the products and programs that best suit their needs.

5.) How do we avoid having all sick people grouped in an expensive plan and healthy ones in another?

Increase focus on better actuarial management of rate setting, such as creating the appropriate selection load (which is the setting of rates to combat the problem of attracting members who are, on average, sicker than the general population), and perhaps the installation of a regional high risk pool to help compensate for unpredicted shock claims. Actuarial efforts can do a great deal to help mitigate adverse selection.

6.) And, to the last question; How do we best use the marketing power of the Exchange as a whole to reduce costs?

You reduce costs by increasing the general health and education of the population. Increased awareness and access to wellness programs and tools, improved case and disease management programs with more outreach and member interaction, better data collection and analysis of that data to provide more of the care and services from which the insured population can benefit.

I thank you for your time and your consideration.

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