

## **Public Forum on Health Insurance Exchange**

Testimony to [HealthCareReform@exec.ny.gov](mailto:HealthCareReform@exec.ny.gov)

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As an insurance broker and consultant for employers in Syracuse and across Upstate New York we are interested in the Exchange governing structure and design based on the potential impact to individuals and small businesses in New York State.

The following provides guiding principles as they relate to the structure and design of the Exchange:

- The Exchange must provide easily accessible and affordable insurance options to individuals and small businesses.
- The Exchange must be sustainable long term.
- New York State licensed insurance professionals should maintain a role through the Exchange and be fairly compensated for services provided to individuals and small businesses. Individuals and small business should have the ability to utilize a licensed professional without a change in cost of premium or benefits.
- Small businesses should have the option of purchasing within the Exchange or outside the Exchange. There must be a level playing field in and out of the Exchange as it relates to premium, plan design, mandates, etc.
- Small business eligibility should be defined as 50 employees.
- The commercial insurance market outside the Exchange cannot subsidize the Exchange through taxes or New York State surcharges.
- Individuals and small business should be treated as separate markets.
- The Exchange should include regional adjustments and regional input/structure within the State if multiple exchanges are not established. There has to be recognition of regional differences within the State (e.g. – Upstate vs. Downstate).

In response to questions provided on the website in preparation for the Public Forum, please consider the following:

- There are advantages and efficiency to establishing one statewide Exchange including one point of entry for consumers and the ability to use one common platform. However, there needs to be flexibility for regional conditions within the State and different pathways to coverage. For example, individual versus small business market, Upstate versus Downstate region, etc.

- Individuals and small businesses need to be separate regardless of one Exchange or two separate Exchanges (Individual and SHOP). If there is one Exchange or point of entry established, there still needs to be a path for individuals and a path for small businesses. These two distinct markets should not be combined due to various factors including the need to maintain separate risk pools.
- The individual and small group market should also be separate in determining premium cost. The risk pools for both groups should be large enough to protect the risk for each population.
- Small business should be defined as less than 50 employees and consistent with the current community rating structure in New York State. Employers up to 100 should be implemented when mandated. There is risk associated with fast tracking a higher participation level until the Exchange has been established and proven to be market competitive, stable and self sufficient.
- Avoiding adverse selection or having all the sick people in the expensive plan can be managed by plan design structure and combining risk pools. Strong and consistent actuarial validation testing on plan options can also help.
- Regional conditions within New York State must be addressed and the establishment of the Exchange must include regional input. For example, the Upstate and Downstate markets are unique and different and these variations must be accounted for in the design and governing structure.
- Individuals and small businesses should and expect to have choice in plans but not to the extent that it becomes overwhelming and confusing. A regional path or structure within the Exchange can minimize confusion. Eligibility and plan selection criteria can also help simplify the process.
- Effective implementation and enrollment in the Exchange will help create marketing power that can be used to contain costs. Utilizing existing health care distribution channels to be more effective at enrolling individuals and small businesses into the Exchange will help build volume needed for leverage. Establishing a competitive, stable, and self sufficient platform with various pathways will assist in leveraging market power across market segments.