

## Executive Summary

### Role of the independent agent/broker

When exchanges are created, they should always include an option for participating individuals and businesses to contact a certified, state-licensed and independent agent/broker for assistance with their exchange-based coverage. Furthermore, independent agents and brokers should continue to be compensated for providing consumers with this service using fair market rates through the health insurance carriers with which they contract to do business. All successful state-level private purchasing pools and exchanges have elected to utilize the services of agents and brokers. Licensed benefit professionals will help increase access and a state's overall coverage rates by helping individuals determine what options were available and best suited to their individual needs, as well as ensure continued accountability and consumer protection.

### Governance

NYSAHU recommends the creation of a public authority to run the exchange where both individuals and small-business owners can access coverage options. Of the three options; within a state agency, public authority or private not for profit, we feel the public authority has the most advantages. The Department of Financial Services will still have oversight over rates and policy approval while keeping the entity separate from any political pressures that impact on state agency operations.

### Regional Exchanges

As for the possibility of regional exchangers, NYSAHU believes states need to be cautious because, due to variations in state laws and needs, a regional exchange could wind up actually being more costly and difficult to administer than separate state-based exchanges. We would not favor a regional exchange due to its potential impact on the existing small group market in NYS.

### Exchange Design

With regard to exchange design, NYSAHU feels that states should strive for the simplest administrative structure possible. NYS should utilize the current private health insurance marketplace structure, which provides thousands of jobs in each and every state, with as little disruption as possible. NYS should also strive to preserve the health insurance markets outside of the exchange and ensure that requirements for exchange-participating health plans should mirror state laws for plan options being marketed outside of the exchange; otherwise, adverse selection will be rampant. Furthermore, states should consider limiting exchange participation to just individual and small-employer groups, carefully consider their unique geographic and population concerns when determining provider participation standards, and develop their own risk-adjustment systems, drawing on existing infrastructures like current state high-risk health insurance pools where available. Utilizing these strategies of exchange design will save tax dollars, limit duplication of services and grant consumers a greater degree of satisfaction and consistent protection.



# National Association of Health Underwriters

*America's Benefits Specialists*

## Creation of Health Insurance Exchanges

- As benefit professionals, it is our goal to create state-based health insurance exchanges that will meet the coverage needs of individuals and small-business owners who choose to participate in them and will also utilize the incomparable services of health insurance agents and brokers.
- Creating their own exchanges is the only way for state policymakers to ensure that the unique interests of their constituents are being met and that unprecedented state-level policy control is not ceded to the federal government.
- Exchanges should always include an option for participating individuals and businesses to use the services of a certified, state-licensed and independent agent/broker for assistance. Since it is the professional role of agents and brokers to provide consumers with accurate information about their health coverage options, exchange participation is a natural fit.
- Independent agents and brokers should continue to be compensated for providing consumers with this service using fair market rates through the health insurance carriers with which they contract to do business.
- Anyone selling Exchange products or giving advice to someone contemplating an Exchange based product should be licensed under existing state laws for insurance agents
- To save costs, increase efficiency and preserve the long-term health of the state's private insurance markets, states should create one public exchange where both individuals and small-business owners can access coverage options, but with separate underlying infrastructures and risk pools.
- States need to be cautious when considering collaborating with other states on a combined exchange because, due to variations in state laws and needs, a regional exchange could wind up actually being more costly and difficult to administer than separate state-based exchanges.
- With regard to exchange design, states should strive for the simplest administrative structure possible.
- Each state should utilize the current private health insurance marketplace structure, which provides thousands of jobs in each, to create an exchange in the most efficient manner possible.
- States should also strive to preserve their health insurance markets outside of the exchange and ensure that requirements for exchange-participating health plans should mirror state laws for plan options being marketed outside of the exchange; otherwise, adverse selection will be rampant.
- States should consider limiting exchange participation to just individual and small-employer groups, look at their unique geographic and population concerns when determining provider participation standards, and develop their own risk-adjustment systems, drawing on existing infrastructures like current state high-risk health insurance pools where available



**Core Principles Relating to Health Care Reform Initiatives in New York  
To Protect the Interests of Consumers & Producers**

**Health Insurance Exchanges**

1. The New York Health Insurance Exchange (hereinafter "Exchange") should be informed by the elements of the Utah Exchange, rather than the provisions of the Massachusetts Connector. Specifically, the Exchange shall operate as a clearinghouse to match consumers with existing public and commercial health plans without establishing a costly new state bureaucracy.
2. Health insurance consumers shall not be penalized, either by cost of premium or health plan benefits, for choosing to use the services of a licensed agent, broker or consultant, either within or outside the Exchange (i.e., benefits and rates for comparable plans should be the same, regardless of whether an agent, broker or consultant is being compensated).
3. Anyone operating within the Exchange who advises consumers with regard to health plan rates, covered benefits, claims services, etc. (e.g., agents, brokers, consultants, navigators, or any other person), shall hold a valid New York State insurance license, in accordance with applicable law, regulations and continuing education requirements.
4. The Exchange shall allow for fair compensation in the form of commission or fees, or both, to licensees providing insurance services to consumers, similar to health plans outside the Exchange.
5. Health plans both within and outside the Exchange shall be subject to the same requirements, with respect to mandated benefits in product design, and to insurance reserves and surplus. There should be no advantage, in either product pricing or benefit design, for health plans offered within the Exchange as compared to plans outside the Exchange, in order to avoid adverse selection and destabilization of the insurance market.
6. Pricing of health plans offered within the Exchange shall require self-sufficiency. There shall be no state or federal subsidies or tax advantages to keep such plans viable, nor should such plans become a revenue source for the state (e.g, no new taxes, assessments, surcharges, etc.). Further, there shall be no cross-subsidization of the costs of plans within the Exchange by virtue of any assessments or higher healthcare provider reimbursement rates on commercial health plans outside the Exchange.
7. The opportunity to form multiple New York Exchanges is desirable to foster competition and offer more consumer coverage options

*These core principles are endorsed by the following producer trade associations:*

