



300 Merrick Road, Suite 410
Lynbrook, NY 11563
Phone: (212) 221-3500 Fax: (212) 221-8693
www.naifanys.org

New York Insurance Producer Groups Declare ‘Core Principles’ for State Health Insurance Exchanges

Set standards for state’s compliance with federal health care reform

(DeWitt, New York, Apr. 18, 2011) – An alliance of six New York insurance producer trade groups today laid out core principles for the formation of health insurance exchanges in the state. The groups’ announcement came as lawmakers begin work on legislation to create the exchanges, as required by the 2010 federal health care reform law.

The document is the product of a March 11 meeting in Albany involving the Council of Insurance Brokers of Greater New York; the Empire State Healthcare Coalition; the Independent Insurance Agents & Brokers of New York; the National Association of Insurance and Financial Advisors–New York State; the New York State Association of Health Underwriters; and the Professional Insurance Agents of New York State.

President Barack H. Obama signed the federal Patient Protection and Affordable Care Act of 2010 in March of last year. Under the law, every state must set up and operate a health insurance exchange by 2014. The exchanges will be competitive insurance marketplaces offering varieties of plans that meet certain benefits and cost standards. Small businesses and individuals whose employers do not offer health insurance will be able to purchase coverage from the exchanges; the law requires members of Congress to purchase coverage from them.

During their Albany meeting, the trade groups agreed on core principles that they believe the New York exchange should encompass:

- The exchanges must not create a new state bureaucracy.
- The system must not increase premiums or reduce benefits for health insurance consumers who use the services of licensed agents, brokers or consultants, whether inside or outside of the exchanges.
- Those operating within the exchanges who advise consumers on health plan rates, benefits, claim services, or other matters, must hold valid New York insurance licenses.
- The exchanges must permit fair compensation (in the form of commissions, fees or both) for licensed producers and consultants who provide insurance services to consumers.

- Exchange health plans should have no advantages over plans outside the exchanges regarding mandated benefits; reserve and policyholder surplus requirements; and product pricing.
- Exchange plans should be self-sustaining, with no state or federal subsidies of tax advantages to keep them viable. They should not be subject to new taxes, assessments or surcharges that would make them revenue sources for the state government. Plans outside the exchanges must not subsidize exchange plans through assessments or higher reimbursement rates for health care providers.
- There should be multiple exchanges operating in the state to foster competition and offer more coverage options to consumers.

These core principles will guide the groups as they work with the governor and members of the New York State Legislature on the exchanges. The complete text of the core principles statement is available for download at <http://ny.iaa.org/Legislation/coreprinciples.pdf>.

Insurance Producer Trade Group Participants:

The National Association of Insurance & Financial Advisors - New York State ("NAIFA - NYS") represents the interests of tens of thousands of agents and their associates throughout New York State. Our members are continuing a 91 year tradition of upholding the highest ethics of their profession, and take pride in assisting their clients in making important financial decisions on issues ranging from asset management, growth of net worth, employee benefits, retirement and elder planning, life, health, long term care and disability insurance planning, college funding, and business succession and legacy planning. For more information, visit www.naifanys.org.

The Council of Insurance Brokers of Greater New York (CIBGNY)

The Empire State Healthcare Coalition (ESHCC)

The Independent Insurance Agents & Brokers of New York, Inc. (IIABNY)

The New York State Association of Health Underwriters (NYSAHU)

The Professional Insurance Agents of New York State, Inc. (PIANY)