

Senators, Representatives, Ranking Members and Members of the Public Health Committee I appreciate the opportunity to provide testimony today.

I am Paul Smith. I own a small independent agency in Southington, where we have five licensed agents and three licensed staff members that are dedicated to serving and selling individual and small group health insurance plans. I have been servicing and selling medical insurance for 38 years. I reside in Cromwell, and I am a member of the Connecticut Chapter of the National Association of Health Underwriters (NAHU) and member of the Connecticut Benefit Brokers (CBB) and represent other professional health insurance agents and brokers.

I am here to testify today with suggestions on how to improve the operation of the Exchanged, defined in federal health care legislation.

**Background of a licensed agent/broker:**

As an individual or as a business owner, you don't pay any more for employee benefits purchased through a broker than you would if you purchased the coverage directly from an insurance company. Insurance carriers set aside a small portion (about 3%) of the premium to pay brokers a commission, which covers not only the selling of the plan but much of the servicing required. That 3% pays the agent/brokers licensed service staff, their benefits and operation expenses. An agent continues to receive commissions as a plan is renewed, so it is in his or her best interest to keep the client happy. Here is a sampling of what agents do for their clients every day:

- Negotiate renewal rates and identify items that should be considered by carriers when determining renewal premiums, i.e. turnover of personnel, addition of new hires, etc.
- Recommend healthcare financing options best suited for the client, i.e. fully-insured, self-funded, health reimbursement arrangements, flexible spending accounts, health savings accounts
- Provide online and written materials for plan administration, advise about new and pending legislation, provide information about new plan designs and premium changes
- Assist clients with claim issues and compile supporting documentation
- Analyze the performance of the medical plan and identify areas of high utilization
- Assist clients with requests to doctors and hospitals for information needed to resolve claim issues
- Assist COBRA-eligible ex-employees with selection of coverage
- Assist employee family members with the selection of coverage when employer-based plans are too expensive
- Meet with employers/employees to explain benefits, plan designs, and optional coverage

- Assist the employer in selecting the appropriate plan(s) that best meets the employer and employee objectives and goals
- Assist employers with billing issues
- Assist in planning wellness programs, i.e. health fairs, health risk assessments, biometric screenings, rewards programs
- Inform insurance companies of employee adds, changes and terminations and request employee ID cards
- Meet with insurance companies and provide feedback on employer issues which assist carriers in making changes to plan designs, underwriting procedures, etc.
- Assist employers by providing a one-stop shop to access information on multiple insurance companies and multiple products, i.e. health, life, dental, vision, retiree benefits, long-term care, disability insurance. The access to multiple carriers allows the employer to select the specific insurance company and plan that meets their needs
- Provide or assist with employee websites to facilitate access to plan information
- Research and advise on financial viability, credibility, and value of various insurance companies and plan offerings
- Assist individuals with the completion of forms requested by government and other entities.

Employers of every size rely heavily on agents and brokers for advice and assistance. The health insurance marketplace has become so complicated with changes in legislation, plan design and benefit offerings that it has become a full-time job to be well-versed in all aspects of our complex industry. A small “Mom and Pop” shop simply doesn’t have the resources or ability to take this task on by themselves.

With this knowledge of the consumers needs and that fact they agents and brokers our independent distributors of medical products make them a powerful force in the success of the Connecticut Health Exchange.

To that end we request that you remove: *line 169* (ii) ***an insurance producer or broker***, referring to appointee not eligible to be a director.

Quoting the bill:

157 (3) Each appointee, other than the commissioners and the secretary,  
 158 shall have demonstrated expertise in at least **two** of the following  
 159 areas: (A) Individual health insurance coverage; (B) small employer  
 160 health insurance coverage; (C) health benefits plan administration; (D)  
 161 health care finance; (E) public or private health care delivery system  
 162 administration; or (F) health insurance plan purchase. When making  
 163 an appointment, the appointing authority shall consider the expertise  
 164 of the other directors to ensure the board's composition reflects a  
 165 diversity of expertise and the cultural, ethnic and geographical  
 166 communities of this state.

A broker, agent or producer has expertise in a majority of the qualifications listed and would be a valuable asset in the governance of the Connecticut Health Exchange. Our

experience and expertise would only be an asset to the goal of the exchange as stated, "The purposes of the Connecticut Health Insurance Exchange shall be to reduce the number of individuals without health insurance in this state and assist small employers in the procurement and administration of health insurance by, among other services, offering easily comparable and understandable health insurance options to individuals and small employers, and enrolling individuals in medical assistance programs".

In the state of Connecticut we have the only successful private exchange in the nation, groups setting up exchanges, state governments and the federal government contacts them seeking their expertise. The department of Health and Human Service consults with them, as have the Massachusetts Connector. The Private Exchange is the Health Connections marketed by Connecticut Business and Industry Association.

Thank you for the opportunity.