

February 17, 2014

Testimony on SB 15: ***AN ACT CONCERNING THE CONNECTICUT HEALTH INSURANCE EXCHANGE BOARD OF DIRECTORS.***

Good morning Mr. Chairman and committee members.

Broker on the Board.

The Health insurance Broker/Agent is the most important piece of this healthcare reform and without this group of people the Health reform will continue to have an uphill battle. Recent changes in the law are understandable by the expert Health "Broker/Agent". The consumers who had the most difficult time during this process were those consumers without a broker or an agent. The broker understands the needs of the consumer and can interpolate the health reform to those needs. The regulations by the government and decisions by the insurance companies leave the consumer in the middle not knowing the correct way to navigate the system.

There is no doubt that the broker/agent would be very valuable to the board in helping the members understand exactly how the system works. As the Exchange Board moves forward and the changes from Washington continue to grow, the broker can advise as to how these changes effect the consumer. Most important how does these changes effect the Connecticut Exchange products.

In order for this body to embrace a Broker/Agent has part of the exchange board it would be very help to know what a brokers does. Submitted with my testimony is a list of what a broker do for the consumer and all for the same cost as consumers who does not use a broker. For years legislators have consider the brokers as a "conflict of interest"; this is so far from the truth. We work on behalf of our client, which could be an individual consumer, a small business owner or any of their employees all for no extra compensation except what is paid by the insurance company. The brokers' answers to the consumer not to the insurance company. Some insurance companies do have agents that would work directly for them and only them and only sell that particular insurance companies products. Ask yourself an important question before you make your decision about a broker being on the board; "Have I ever purchased insurance for myself or for my company and all its employees?" If the answer is no, then the answer should be easy or you need to further consultant with a broker/agent to understand more. If your answer is yes, then you will have no problem coming to a decision as to why we are so important.

Thank you for your time today.

Respectful submitted,

Paul E Smith

Licensed Broker/Agent, member of the National Association of Health Underwriters, Connecticut Chapter



Benefits of using a 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. 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.