



Policy Recommendations for Establishing a Health Insurance Exchange

Executive Summary

The establishment of health insurance exchanges is one of the most significant and far-reaching aspects of the private health insurance reforms contained in the federal Patient Protection and Affordable Care Act (PPACA). Exchanges will transform our nation's private health care marketplace for individuals and small businesses buying coverage. As the leading professional trade association for health insurance agents, brokers and consultants, representing more than 100,000 benefit specialists nationally, the National Association of Health Underwriters (NAHU) has a profound interest in the development of health insurance exchanges and feels that the decisions state and federal policymakers will be making over the next few years regarding their design will be critical. NAHU is pleased to offer a number of central ideas for successful implementation based on our members' everyday, real-world policy experiences with providing health insurance coverage to individuals and businesses of all sizes.

NAHU recognizes that some state-level policymakers may have philosophical, political and or financial objections to PPACA generally, and/or the state-level exchange requirements specifically. However, NAHU firmly believes that any such objections should not preclude the state from establishing its own exchange. State-based exchanges are 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.

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. Since it is the professional role of our members to provide consumers with accurate information about their health coverage options, exchange participation is a natural fit. In fact, all successful state-level private purchasing pools and exchanges have elected to utilize the services of agents and brokers for this reason. 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.

To save costs, increase efficiency and preserve the long-term health of the state's private insurance markets, NAHU recommends states create one public exchange where both individuals and small-business owners can access coverage options, but with separate underlying infrastructures and risk pools. In addition, to increase competition and consumer

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choice, we feel each state should strongly consider allowing multiple competing private-market exchanges, along with any public exchange. As for the possibility of regional exchangers, NAHU 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.

With regard to exchange design, NAHU feels that states should strive for the simplest administrative structure possible. Each state should utilize both its existing regulatory authorities and the current private health insurance marketplace structure, which provides thousands of jobs in each and every state, with as little disruption as 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. Furthermore, states should consider limiting ex-

change 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 satisfac-

tion and consistent protection.

NAHU applauds government leaders and others who are working toward creating state-based exchanges that utilize the best aspects of what the private health insurance market place has to offer. As an association of benefit professionals whose members service the health insurance needs of millions of Americans, it is

our goal to create state-based health insurance exchanges that will effectively 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.



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