

## Update on Our Lobbyist Healthcare Reform Activity

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Hopefully you have recently received a letter notifying you of our current activities in Washington, D.C. and our commitment to you and your future by hiring a team of lobbyists to represent both brokers and general agencies during the Healthcare Reform legislation. As a follow-up to our letter, we want to share with you our position and talking points that we have committed to as we move forward with meeting with various people in Washington and working to better educate all about our place and purpose in the current Healthcare system.

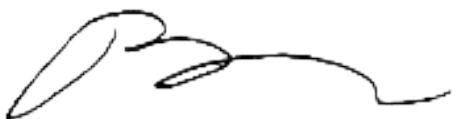
As a reminder, BenefitMall stands opposed to a national or publically run healthcare connector, and we are actively lobbying in support of state licensed insurance exchanges that would allow for your right to compete.

Our position is as follows:

***"A State or Federal run connector as a distribution channel will cost billions of dollars and is unnecessary. The best way to expand coverage and allow for choice is to communicate through existing broker channels to help individuals and small businesses determine their needs."***

We have created several communication points to support our position, and we felt it important to share some of the primary points of this information with you as our trusted partner, customer, and constituent. You will quickly see through review of these points how we plan to support our above position statement, and that our platform is clearly in concern of the ongoing inclusion of both brokers and general agencies in our future healthcare system. Please take time to review the below, and don't hesitate to contact your local BenefitMall contacts with any additional thoughts or ideas that you may have.

Sincerely,



## **BenefitMall's Healthcare Reform Position Support Points/Strategy**

- **Challenges to the Small Business Market**

Many small businesses are dependent on the free human resource services that brokers and general agencies provide them. Large employers can afford to hire this type of support internally. A new exchange that does not take this into consideration will most likely fail because many small businesses will be without benefit administration. In the Massachusetts Connector the small business market has not been successful due to its failure to accommodate the existing broker/general agent service structure that is needed. Therefore, we believe the new healthcare process must accommodate the existing broker/general agent service structure in order to have successful small business enrollment.

- **Enabling the Health Exchange**

By continuing to provide small businesses with the current services they receive through existing brokers/general agents distribution channels, we can save expense in implementing a new system. These channels make plan presentations, facilitate enrollment and re-enrollment, assist with respect to individual claims and provide ongoing administration support. By allowing small businesses to utilize existing, qualified and effective infrastructure, we can reduce the costs of new exchanges and expedite the timeline to establish a viable and successful system.

- **Experience with the Massachusetts Connector**

The Massachusetts Connector successfully reached low income individuals by providing funding to community organizations in order for them to find and provide enrollment advice to eligible individuals. To date, the Massachusetts Connector has only been able to enroll a handful of small business groups. Also, despite the Massachusetts Connector's \$25 million in start up costs and 4% commission for each individual enrolled through the exchange, the Connector is still not self-funded.

- **Building a Successful Exchange**

The exchanges proposed in federal health reform must seek to enroll among two very different audiences: low income individuals and small business groups. For the exchanges to succeed, both audiences need advice as to coverage options. Small business groups need additional administrative support. Both individuals and small businesses currently obtain this advice from distinct sources.

- **Role of Brokers**

Small businesses rely on brokers for advice as to coverage options and, importantly, for a range of human resource services during the benefit year that are not relevant to individuals (Add/drops, COBRA notices, as examples). In effect, small businesses outsource their corporate benefits department function to brokers. Many brokers efficiently provide these services through technology-enabled general agents.

- **Exchange Design**

Exchanges being developed as part of federal health reform should avoid Massachusetts' shortcomings in not being able to reach and service small businesses. The new exchanges can maximize small business participation by incorporating the brokers and general agents. This also will reduce the amount of public funds necessary to support the activities of the exchange by harnessing carrier willingness to continue to support the broker/general agent channel for small business. Therefore, to further its access goals, Congress should provide states the flexibility to include a variety of facilitators in the new exchanges.

- **Include all Necessary Competencies to Support Exchanges**

Community and social service organizations can be licensed facilitators to reach and advise individuals. Brokers and general agents can be licensed facilitators that help maximize small business enrollments. Brokers and general agents should be allowed to continue to provide service to small businesses thus making the carriers offered through the exchanges a true practical option for small businesses.