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Research Report

Task 9: Opinions of Insurance Brokers in Vermont On Implementation of the Patient Protection and Affordable Care Act

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Key Findings

Respondents

A total of nine health insurance agents/brokers and the Executive Director of the Vermont Insurance Agents Association were interviewed for this research.

Agents typically sold groups from 1-2000, with most groups under 50. Many sold insurance from more than one or all providers licensed in Vermont. Some sold in adjacent states, primarily New York or New Hampshire.

Agents did not describe their work as sales. They worked to match an employer's needs and budget with an insurance plan. They thought of themselves as insurance consultants, providing various options for plans based on the client's particular circumstances and helping them decide between plans. After a plan was decided upon, they provided on site informational sessions to brief employees, organized enrollments, and acted as intermediaries when there are problems between the insurance company, the service provider and the enrolled employee.

Effect of Patient Protection and Affordable Care Act on Brokers

Agents had mixed opinions about the effect the PPACA (Act) would have on their businesses. Some thought that if the Act focused primarily on the uninsured, it would have little effect. These were not current clients.

Some thought that the plans on the Exchange could appeal to small businesses. The agents that primarily sold to smaller accounts were concerned about this. Some agents recognized that the customer service costs of small businesses were often as great as those of large businesses. It seemed like they welcomed the potential relief from not having to serve these customers. Those that served larger businesses believed that their clients would continue to value their services and buy insurance from them.

Many agents were aware of legislation in Vermont to establish a single payer system. This, they recognized, could put them out of business. They suggested that this loss would also be bad for their customers; comments included:

- An end to plans tailored to company's individual needs could drive up their costs.
- Individuals and businesses would lose a trusted advisor on insurance matters.
- Employee trainings and briefings would end.
- Important after-the-sale service, particularly the role of agents acting as intermediaries between insurance companies and customers with problems, would need to be provided elsewhere.

Providing Health Insurance Information to Businesses and Consumers

Agents have extensive experience providing information to business owners, managers of non-profit and for profit organizations, employees and individuals.

They warned that providing information is a difficult and time-consuming task. Insurance plans are complicated, consumers are difficult to reach (and often unmotivated to be informed) and extensive one-on-one assistance is required during enrollment and to resolve issues as the insurance is being used.

Small businesses were seen as particularly vulnerable to the myriad of problems that can result when changes are made in insurance. Smaller businesses often require a few people to do many jobs in the workplace and were not as likely as larger businesses to have a dedicated staff to help with insurance matters. Larger companies, with their own internal HR departments required less help from the agents after initial briefings or training sessions. Smaller businesses are more likely to be attracted to the offerings in the Exchange and there was concern expressed as to how the customer service aspect would be handled, for them in particular.

The Navigator Role

Agents pointed out that this role is necessary and they have been serving in the navigator role for years, helping clients choose between various providers. Brokers in Vermont typically represent various insurance providers; some have even offered Catamount and have provided information on insurance subsidies to those who are eligible. Brokers listen to their clients needs and suggest options that meet specific individual needs.

Insurance agents might be interested in continuing in their role if signing up the uninsured provided a commission.

Methodology

Data collection for this research consisted of a series of in-depth interviews.

The first interview was conducted by Curtis Mildner as a joint interview with a health insurance agent and the executive director of the Vermont Insurance Agents Association. Market Decisions field service manager and executive interviewer, Brian Brinegar, conducted the remaining eight interviews individually.

The joint interview, which took place on the 16th of March 2011, was about 45 minutes in length. Other interviews averaging 15-20 minutes took place from April 21 to May 5, 2011.

All respondents were confirmed as agents who represented health insurance providers in the State of Vermont. The interview questions were developed by Market Decisions and approved by the State.

The interviews were recorded with the respondent's permission and then reported in a "notes style" format as the detailed findings in this report.

Findings

1. What health insurance markets do you currently serve?

Je. We do both, mainly business because we have more to offer. Mostly small groups 50 and under. We have 12 offices with a good core of brokers.

C. I work with companies, we work with groups.

M. I Represent MVP health care. I serve VT, NH and NY. We sell directly to businesses and to individuals.

A. I represent MVP and Cigna. I work with companies between 1 and 40 employees.

W. Large and small up from 1 to 2000 employees

J. Small business 1-49.

T. All markets in New Hampshire and Vermont, all carriers that are licensed in both state and companies small, medium and large.

O. Groups from 1-500, mostly 1-50.

T. Employers under 50. Larger employers out of state. No individuals.

2. What services do you provide to clients?

Je. I qualify them, see what their needs are, what they can afford. We provide service after the sale, we do claims. We are full service. I have an assistant to help clients with any issues that they may have. We are a go between, between clients and the insurance carrier. They look at me as guidance as to what plan they should have and what their benefits are. What the plan will cover and what it doesn't cover. I do consulting as much as sales. They call us brokers but we are as much consultants as anything else. I propose three companies and depending on what the client wants is where we put them. Most of my clients rely on me entirely.

C. We help them find the plan design that matches what their seeking to provide to employees. We go out to bid and help them educate employees on plan design options.

M. We provide health insurance; we range from HMO, EPO and PPO products.

A. I help companies manage their overall employee benefits package.

W. We evaluate plans and make recommendations on plan design. We do initial enrollments, we do enrollments annually, coordinate benefits with Medicare for people eligible. We advise clients on federal and state regulations that they must comply with. We do COBRA coordination. We do studies on Networks and claims satisfaction. We bring value to bring them to the right place.

J. Finding clients a carrier, so new sales and service.

T. For larger companies we provide fee based service, which allows us to help them with all aspects of their employee benefit plans, retirement plans. We get involved on-site with wellness and health fairs. We help employees with selection of cafeteria plans.

O. We provide knowledge as to what's available. Investigative services as to what would best fit the client. Help them tailor a plan so it meets their needs – financial is one of them. If they are switching carriers or if it's a new plan within carriers we go and do enrollment meetings, employee information meetings.

Ti. Wide range of employee benefits. Estate and financial planning as well. Business continuation planning. In today's environment being able to educate the consumer is critical.

3. Overall, how familiar would you say you are with the new Federal Health Insurance Act called the Patient Provider and Affordable Care Act?

Je. As familiar as you can get. I also serve on the Blue Cross Blue Shield advisory committee and we have been reviewing the Act. I probably know more than the people that voted for it do – I've asked our representative questions that he can't answer.

C. Pretty familiar with.

M. I am middle of the road. I've tried to skim through it.

A. I am fairly familiar with it. I have been following the Vermont legislation. I am aware that in 2014 we're going to have the insurance exchange. I liken that to an Orbitz thing where you can go online and select from a couple options.

W. We are fairly familiar with it, we've been advising clients on it.

J. Very familiar.

T. Very familiar. I like to think I know it very well.

O. Fairly familiar, it keeps changing so it's a challenge to keep up.

Ti. *I get daily information from blogs on the state and federal level. Am I the most informed? Probably not. Am I more informed than the average America? Yes definitely.*

4. Thinking about Federal Health Insurance Act, not efforts in Vermont to create a single payer system, do you do you expect Federal Health Insurance Act to affect your business? How so?

Je. *The long-term effect on people like myself, is devastating – it will put us out of business. They are not going to need brokers. Since my business is 90% healthcare it will put me out of work. I think the impact to the clients is going to be bad; they are not going to have any choice. It's going to be whatever the government offers. They are not going to be able to contact me if they have problems with an insurer. I see Vermonters that are on VHAP and Medicaid that don't have people to help them out on claims other than someone who sits in a cubicle and answers what they are told to answer. I've had people call and get different answers at different times of the day. These people are not agents; they are not licensed. They just answer based on a piece of paper, not based on an investigation into the situation. We have been contacted about Catamount, as broker we can write this, but not the Blue Cross/Blue Shield offering. Those people that go directly to the state are frustrated; they can't get answers.*

C. *No, it won't affect us.*

M. *Yes. There are many administrative adjustments that will have to take place in terms of complying with the laws. That includes the exchanges and the claims processing. Moving towards electronic health records. I think in the long term it will be for the better as costs are reduced. How we offer our product to our market is going to change quite a bit. It's unclear how that will work. And it's possible that independent insurance companies will no longer exist.*

A. *Yes. I am concerned that it will render my services obsolete. If people can go on line and they only have limited choice – now I have 50 choices to offer people between different plan designs. If they only have four choices then this is obsolete.*

W. *I expect that it would not be too great of an effect. I see us in a very strong advisory capacity. We could end up being a navigator. We could position ourselves where most of these customers rely on us quite a bit.*

J. *Oh Yah! I won't have a job. If it comes down to the exchanges and there being a choice between the employers going to the exchange, they are not going to need us anymore – if there are only a few plans. They will still need advice, but who knows if the carriers will pay for it, because we get paid by the carriers.*

T. *I do. I think that it will affect it in many ways. It will increase need for us to help those who don't now purchase health insurance – when they purchase insurance on the exchange in 2014. It will create a need for us to help employers what their new*

requirements are. Reporting, etc. It's a great opportunity for us to expand our consulting role.

O. Sure. I would have thought that it would have made insurance more attractive to folks that are on the fence as far as increasing the coverage to children under 26, but in Vermont, a lot of the health care act implements have already been established: the guaranteed issue, the lifetime maximum. It impacted us, but a lot of the changes we have already made.

Ti. I do, in what fashion I don't know. It's yet to be decided what the role of the insurance agent will be. It's a huge concern.

5. The information provided by Health Insurance Exchanges could be provided online, in written materials or through phone representatives in a call center.

Based on your experience providing health insurance information what challenges in providing information will the Exchange have to overcome?

Je. Questions can't be (satisfactorily) answered from a call center. The folks there will just give a generic answer. Knowing my customers and knowing Vermonters, they want a personal touch. They want to know that you are there for them.

C. Comparing apples to apples, there is a lot of complexity in plan design. To compare a plan design to where a person is coming from is the biggest challenge. To educate the person so they understand from where they are coming.

M. Competition might be a factor. The exchanges will keep prices stable. What is offered on the exchanges compared to what is offered by private insurers will affect where customers go. I don't know exactly how the exchanges will compare – or even if there will be options on the private market.

A. Knowledge – people just don't understand their health insurance options: what is covered and what is not. They look for people that can quickly answer their questions.

W. People will not understand it. You can go to any insurance company, you can go to their website and get rates, plan design and networks and all that stuff, but one out of ten would understand it and at that level they would know just enough to be dangerous. That's why they choose to deal with people that do it all day long, every day. People are going to be reluctant to use depersonalized information.

J. There has to be someone that people can talk to, because people don't get it. They are frustrated with it, and they want to talk with someone. If there is only going to be few choices it would not be so bad – but it's got to be at the sixth grade level.

T. It's going to be very tricky for a call center or an online site to help educate consumers, many of whom have never had to put too much thought into their plans because they have had their hands held by people who do what we do. So even if it's a choice of gold, silver or bronze we shouldn't underestimate the explanation of how these programs are going to work. I think it's a herculean effort. I am not so sure there is not a role for agents. Even for sole proprietors, can't make money serving them; they need their hands held more that you would think. I think the states need to be careful how they design their exchanges, what role they ask third parties to play.

O. They are going to figure out how to get through to the people, because if you are expecting a person to come to you, that's not the way, it works. Every client is unique; they all want to know what am I getting for what am I paying. Then they make choices based on cost, that is what the exchange will need to do. You can't be all things to all people immediately and make it affordable.

Ti. Each individual situation will dictate what information they need. Having personal contact is absolutely critical for us to move forward. I don't think everyone will understand things online. People want to talk with people. I encountered a client this fall, her insurance was going to \$18,000 a year and she was making \$47,000. Once I spent 45 minutes on the phone and understood her situation I was able to cut that to \$9,200 a year. And it's only because I took the time to understand and then knew where to go to get my questions answered and could develop a strategy for her. To think that health insurance is going to be implemented over the internet – it's not going to happen.

**6. What role, if any, should insurance agents and brokers play in the Exchange?
What role? PROBE Do you see the Exchange as a competitor? Why do you say that?**

Je. If it's a state Exchange, I don't know how it will work.

If insurance companies can only charge 20% for administration, then they will cut out brokers. If agents are not paid, they won't do the work.

That's what happened with Catamount, we only write MVP not Blue Cross Blue Shield, as we don't get a commission from Blue Cross Blue Shield. If someone has a problem with MVP I am the go between to get things done. If they have a problem with Blue Cross they have to call Blue Cross directly. If they call the state, they will get the Blue cross number to call. I think this is what will happen with the Exchange.

If carriers are limited as to what they can pay for administration and they don't pay commissions, then brokers will not play any role. People will be on their own, and customers will have to go to insurance companies on their own.

V. You want opportunities for consumers to make balanced choices, but having one choice does not provide that. If what consumers can get on Exchange is better than what

they can get elsewhere, fine. Let the market economy drive the solutions to better options and opportunities. If you mandate one plan, there's one size fits all. Lets let the market play in this.

C. Hopefully there will be options outside the Exchange. The IRS has all the information you need to know on its website on taxes, but you probably still need a tax advisor. It's the same thing with health insurance. No – the Exchange is not a competitor. If it's just another option, as long as there are options outside the Exchange;, if not, it's a bad thing.

M. Brokers are important because of all the regulation. As long as health insurance is confusing as it is today, brokers are key to helping businesses or individuals figure out what plan is most cost effective. That's what's great about brokers – they help folks figure out the most cost effective way to go.

If MVP can offer insurance on the Exchange and then privately, it's just another marketing avenue for us; it may be a good thing.

A. Insurance brokers have a level of knowledge that a layperson just wouldn't have. So if people want to know what is going to be covered, what is not and how this works and [someone] advocating for them, they need a Broker.

I don't know if the Exchange is a competitor or not. Depends on whether I can sell products on the Exchange. Right now I compete with the State of Vermont, the Catamount Plan, and that has not affected my business. They are two different markets. If it (the legislation) ends up being a single payer, then yes, it's competition.

W. Brokers can help people navigate the Exchange, give people opinions on things that come up. Is this a customer-friendly company? Are they going to advise me as regulations change? I guess the Exchange is a competitor, but it's a different animal. There is more to it in a buying decision than just the information; it's how comfortable you feel. Do you ease into it? It's too complicated of a product to just put on the web and have people go into it.

J. That's a loaded question; I'd like to continue to do what I am doing now. We help guide people to the best option for them. There are a lot of unanswered questions about the Exchange. No, (not a competitor), but I don't really know that will happen and how the Exchange will work. If an employer has a choice (between private and the Exchange), then yes.

T. It's my opinion that agents should be made available to help them understand what is available on the exchanges. I just think that agents need to be available at some level so that the government does not end up with a public backlash on these exchanges. "They are too complicated to work." It could turn negative. Exchange a competitor? We don't see it that way. We are trying to determine if there is a role for agents to play and get paid. We need to figure that out. We might just go above the exchanges. If we can add value, then maybe we would participate.

O. That's what I am curious to see as the state maps it out. I would think that there would be a role, because I don't know who is going to provide the ongoing education. You may want feedback from the brokers as they design benefits plans based on what they hear from clients. Exchange a competitor? My understanding is that the Exchange is the only option for the small business, from what they have been saying in the senate and the house. Competitor is the wrong word, that's all you get. It limits choice. No, there is no competition; they took all the competition away.

Ti. We need to be there. We are the ones that are in the line of fire and have been for years. To think that I am going to be replaced by a 27-yea- old kid – to communicate to employers and employees what their health care options are going to be – is ignorant. The government should be employing the education and experience of the agents to deliver the information and help people. Why would you not take advantage of someone who has thirty years of experience to help the public? Exchange a competitor? Potentially yes, but at the same time I can have an adversarial relationship or be an advocate.

7. The Health Insurance Act allows for designation of a public, non-profit or private organization, to serve as a “Navigator”. Is there a need for the Navigator role? Why do you say that?

Je. I had some trouble sinking my teeth into the navigator role, who is the navigator working for, the Exchange? It sounds like the role is something like a Broker. They are going to have to be licensed, as brokers are now licensed to sell life and health insurance.

They better be licensed – there would be such an uproar. If for decades the state has been telling the community that brokers have to be trained, brokers have to have continuing education and brokers have to meet these continuing education requirements, but that pertains to only brokers. If you do the exact same job as a state employee, you don't need training, you don't need continuing education. There would be an uproar that the insurance industry has been blindly paying into a fund. I hope that BISHCA would insist that their employees that are dealing with the consumer would have the same continuing education requirements that the industry has had to have under BISHCA rules for decades.

Brokers have to maintain a certain level of knowledge, you can't have a lay person that has not been trained and does not take part in continuing education advise lay people on what they should take for insurance. It doesn't make sense. They have people in Montpelier doing that with VHAP and they are not doing a good job. I've had people call and get different answers; they should not have been giving answers. It's not a responsible thing having non-licensed navigators.

Any licensed broker who primarily does health insurance could be a navigator. We deal with multiple companies now. A broker and a navigator are one and the same. We all work for more than one company; there are no captive brokers.

C. Navigator as in Blue Cross –an administrator? Oh, sort of like me, a broker! Sounds great, depends on what the specifics are. If it means that I'm not going to get paid, then that's not so good.

M. Yes. A navigator is going to be very important in answering questions and to process paperwork.

A. Yes. People don't understand how a policy works, how the deductibles work. I still have people who ask, what's a deductible? What's a co-pay? What's preventative care? They want someone to help them navigate through the maze.

W. Yes, there has to be something. If they just eliminated brokers and navigators you would have chaos. People need it. Small employers are successful in business but they do not understand all this. The irony is that larger companies require less attention and less maintenance than the smaller ones. They don't understand things and they constantly need help. They need their hands held. I don't see that going away.

J. That's hard, I kind of see myself as a navigator. Most people don't understand insurance and I can break it down for them with all the mishmash.

T. I think so. The less confusion with the exchanges the better, I think it would be crazy for the states not to endorse this.

O. Yes, but that role needs to be defined. The term sounds great but what does it do, how do you measure its results? If they are going to be what the insurance agents are, I'd say no, because you have 1,000 people who are already adept at being navigators in existence.

Ti. Yes, initially sure. The government has built a chassis. Is it going to work? Maybe 75% of it, but adjustments will need to be made. The dialog we are having is terrific. If they think they need navigators in addition to agents, I think that's a way to go. What they roll out is not going to be 100% right so they need to make adjustments.

8. Is there any additional consumer information or assistance that a Navigator should provide? What information?

VIAA. It is so much different than booking a flight to Miami – the Exchange is hoping to set up as website that is like Travelocity. People are smart enough to not put all the information in an online application to cut costs. You are going to have a lot of people who are not computer savvy and are not going to wade through it. Not everyone is going to have a computer. Once you get past name and Social Security number, the questions get tricky. That's where an agent will help. How you can encapsulate what a broker does in a web site? God Bless 'em!

Je. Information provided online should be the same information we provide face to face. What the plans are, what is covered, what is not covered, drugs are covered, what the premiums are. You start with what they can afford. For example, if you have a young group, you can have an HSA. I have looked at providers, some of the online out-of-state services that they have, they just give the icing on the cake. When you look deeper, there is a lot more that should be there. I'd be leery about buying insurance online. But I'm in the business, so I guess I would be. The people I work with have budgets and they have needs; if they go to the doctor monthly then you want to look at a plan that has co-pays for doctor's visits. Online services may have the answers, but the problem is that they may not know what the questions are.

It's not unreasonable to take an hour and a half with a client to get information to determine what will work for them. Health insurance is not cookie cutter. If I have a client that looking at a \$3,000 deductible but wants doctor visits, and they don't take a lot of medications, I will put them on Cigna, because they have an excellent \$3,000 plan with doctors' visits. It takes a while to get to the point that I know that.

C. I believe that people have to have choice in plan design. I'm not sure what other information (in addition to what you described) is necessary.

M. I am unclear on the navigator role.

A. They need to know the product and how the market works. I do a lot of explaining why health insurance is as expensive as it is.

W. The role of the navigator would be enrolling the group, educating the employer, providing the proper forms and information, provide advice as the plans go along. That's what a navigator should do.

J. Just about everything. I've been in this business for 24 years. I have been into claims and I deal with helping the elderly find their options when they hit 65. So I do just about everything, I can help someone understand what questions to ask if they have a carrier.

T. I hope the navigator does not rely too much on the insurance companies- they are not always the most effective at this. If they can offer a third party with no financial incentive – I think that is something that's necessary. A navigator should give an unbiased analysis of what each insurance company offers, how they pay claims, who their network is. This would be really helpful to people.

O. A lot needs to be defined, and then they need to provide it. They have done studies, with uninsured – there are like 60,000, and 20,000 are qualified for something already. How do you motivate people to sign up? If a third of the uninsured really aren't uninsured – how are you going to motivate them to sign up?

Ti. I haven't thought about it enough. I'd want to read what that role would be. It sounds like an insurance agent, and why would you replace us? We don't get paid; government says we are part of the problem. In Vermont it's a \$5 billion industry and agents take \$18 million. Are we overpaid? I don't think so. In the example I gave earlier, I spent 4-5 hours working on the case. I made \$300. I don't think we are the problem.

I can give an example of being consumers. My dad is 81 and on Medicare. He needed an MRI. He doesn't care where he goes – his out of pocket is going to be the same. I shopped the procedure and got quotes from 11 providers in Vermont, New York and New Hampshire. Prices ranged from \$790, which included the physician reading to \$364, NOT including the reading. I understand that cost shifting is occurring – but this 400% difference?

I had a cortisone shot I had it done at a local hospital – shame on me. I got a bill for \$623. A federally accredited health center would give me that shot for \$140. And that came out of my HSA.

9. What organization or entity in Vermont could serve as a Navigator?

Je. I hope it's not a state agency.

C. Depending on the structure, if private insurance companies are still going to play a role outside the exchanges, then an organization like mine would work. We're the experts.

M. MVP could be a navigator. My position could turn into a navigator.

A. The only company that could do this in Vermont is Blue Cross Blue Shield.

W. It's basically the system that is already in place, the brokers around the state that the businesses determine that they would like to have involved in their case. I don't see how that can be improved upon. I know this is a change towards higher technology... but I don't see anything that can improve upon what exists.

J. Well, all of us brokers out here! I don't know of ONE.

T. You have three or four firms like ours that serve small businesses. Otherwise it would have to be an agency built from the ground up. I just don't think you can rely on the insurance companies. They haven't proven they can do this well.

O. That I'm not sure about.

Ni. Is there an entity designed right now? One could be put together using the agents in Vermont. How do you make a decision on the proper level of staffing? People are frustrated – one of my clients is the Vermont Bar. They say they cannot understand the federal information.

10. Could insurance agents serve as Navigators?

Je. Yes, if it's not a pro bono exercise. Some agents could broker insurance as they now do, others could be navigators for a commission. If you are selling a single person you are not going to work as hard as for a group.

It has to be on a commission, the system is in place. Industry has walked that road, hardware and software is geared for that road. A new system has to be based on commission, if it's allowed.

In Vermont, only 8% are not insured. The young people will have to be forced to be insured.

A lot of my clients took advantage of tax credits that were available last year. If tax credits and subsidies are available inside the Exchange, they should be available outside

too. Offered on both sides, otherwise it would give the Exchange an unfair advantage and hurt those people who want stay on their current plans.

The navigator would provide information on subsidies. I'm the one who informed my clients of the credits that were offered last year. That's part of our job. Most were not aware of the credits available until I told them about them. They did get information from the insurance carrier, but they didn't read it. I informed them at the time of renewal. So it's either the broker or the navigator.

C. Yes, absolutely.

M. Yes.

A. Yes, I think so sure.

W. Yes. It's just a synonym for brokers.

J. Yes. If there needs to be a navigator or there is going to be a navigator, that is the best place to start.

T. Insurance agents could if they are properly incented so that they are unbiased. They could act as third parties. Remember the exchanges are not going to be offering too many designs. As long as there is no financial bias.

O. Yes they already know the product intimately. They know the clients. They are already doing it; just on a smaller scale of what the Exchange is going to be.

Ti. Absolutely, I think we are best equipped to.

Consumer Support after Enrollment

11. What are your thoughts about how support for consumers should be handled after they have enrolled? This might include handling complaints or problems.

Je. We are full service. I give customers my business card. If they have a problem they can come directly to us. We offer service after the sale. It's our service that keeps customers. They will ordinarily go to the company then come to us.

C. A huge part of what we do is going into the company setting and educating employees on benefit design. If insurance is not part of your employer, how does education happen? Does it happen on an individual basis? I am trying to figure out what is the best way to educate people if it is not happening in the employer setting.

M. If I was a consumer, there is always a customer service number to call. But a lot of the times you need to have a navigator or a broker or an account rep help out the

consumer. There are a lot of moving parts to a health care provider. Every now and then there are bumps in the road. Consumers need outside help communicating with the insurance carrier.

A. That's what a broker, or if you are calling them a navigator, does. I think you would have company personnel do that, but that's what we do every day.

W. It depends on how easy the insurance company is to communicate with. You have an insurance company, and if a customer does not like the way the insurance company is processing the claim, they call the insurance company. And then we, the brokers, get involved if this doesn't work. That will be the way it works. We have a full-time employee advocate on our staff.

J. I also play that kind of role and we can only go so far because of HIPAA. You are putting a whole new perspective of how things are going to be. Wow. Like right now I am trying to get an answer from MVP and one department does not know what the other is doing.

T. Support is something the insurance companies do well. That should be done by the insurance companies. It's the front end where the consumers need more protection.

O. That's one of the other roles the insurance agent does. At our office we have a whole department of customer service reps that are the intermediary between the caregiver and the client when it comes to payment. Something like that is going to have to be built if it's not the insurance agent. It's another cost you are going to have to squeeze out of the system.

Ti. The public needs some place to go for problems and complaints. A claim is going to be denied. When my clients have problems It's when they keep me out of the loop. The public is going to need to have access to someone who is going to be their advocate when trouble arises. Who is better equipped than the people who are already doing this? Insurance companies don't like us to be involved, but when a client buys insurance from me, they are hiring me to be their advocate. My clients know if they try to pull the wool over my eyes and falsify claims – that's when I will turn against them. I don't know why we would try and hire people who are not knowledgeable to be advocates for the public.

Impacts on Businesses

12. Should employers make a minimum level of contribution to premiums before they can buy coverage through the Exchange? PROBE What level of contribution?

Je. No, I have some clients, small contractors, whose employees pay 100% of the plan. Many employers can't afford to contribute.

C. It depends on what they would have to contribute in the form of taxes to fund the Exchange. Insurance for everyone? Lets pass a law that says there is going to be world peace.

M. Yes. I would say 50% contribution.

An. No, if it's going to be an Exchange it decouples employers from the transaction. Employers say – you go for insurance to the Exchange for your own coverage.

W. I believe in that – yes. I don't know exactly the amount. Individuals should contribute. There should be two levels, one for those that participate in wellness and those that don't.

J. Wow. Mandatory you mean? I deal with many onesy and twoesy groups so they do that anyway. But for the five to twenty-five, that's rough for them sometimes. Especially in Vermont the work is seasonal. If they are told they have to – it could be rough.

T. I think so. It should be 50%. Where it is today.

O. I don't know. If they are decoupling insurance from the employer – then decouple it. Then the employer shouldn't be responsible for anything.

Ti. Ummm. A good question... my experience in Vermont is that employers feel a responsibility to contribute. A majority of my employers contribute a minimum of 50% - but to mandate that? That's a whole another issue. They are mandating that an employer pay –It's wrong.

13. Assuming that insurers aren't required to sell through the Exchange, would it be OK for employers to offer their workers options both within and outside the Exchange? Should there be a minimum enrollment in the Exchange before other plans are allowed?

Je. If they can buy less expensively on the Exchange the employees would want that. There would have to be changes in the rules for group plans. Now you have to have 50% participation to have a group plan.

C. Yes. The minimum enrollment will depend on the employer contribution.

M. Yes. I can't answer that. I wouldn't want to see bad risk go to one pool and good risk go to another.

A. Yes, and let them (the Exchange) compete. No minimum enrollment.

W. Sure. I don't see why.

J. Yes, they have to do something and they should say to their employees, these are your options. They should be able to say, we as a group, this is all we are going to do. These are your options. We don't have a group plan or we just have a group plan. Minimum enrollment? I am going through this with an employer now. The employer wants to provide health insurance, but they have many young employees who don't want to spend their money on health insurance. They won't be able to offer insurance because they don't meet the minimum – by six people. The way the world works now you have to have some minimum enrollment.

T. That gets troubling from an underwriting situation. I don't know why they would want to. I don't think there needs to be a minimum enrollment.

O. Absolutely, it's all about choice. If you build it well minimum enrollment should not be a problem. If you don't build it well and people don't enroll, that should tell you something.

Ti. Absolutely, if the financial model can be set up without diluting the participation, and the government entity allowing the private entity to exist – that's the solution. In order to participate in certain plans in Vermont there is a minimum required – there has to be an appeal to the government offering its own plan but minimum participation needs to be discussed.

14. To access the Exchange, should workers be able to use pre-tax dollars to pay their premium share? Should employers be required to allow them to use pre-tax dollars?

Je. Mandating anything for businesses creates additional and unreasonable burdens.

C. Yes, they can do that already. Required? I don't see why they wouldn't. But I don't think they should have to.

M. Yes. Yes.

A. Yes. Sure that would help employer.

W. Yes. Yes.

J. That would be nice. Is it really going to be up to the employer? I don't really understand the question.

T. That's how they would access employer coverage. I don't see why it would be any different. Otherwise you would get adverse selection. I don't think employers should make that decision, so yes.

O. Yes, that's a nice benefit that employers and employees get whether they are contributing by themselves. So we set them up with section 125 plans and POP plans so that the dollars are pretax. Yes, you want to require it. I don't know why employers wouldn't want to contribute. I don't see the downside. Most are using a payroll company – so it's a button to push. It's not hard to do.

Ti. Absolutely, it helps in the affordability of coverage. And we want to have affordable coverage. We do that now. Why would we take it away? Employers required to allow employees? It's not an issue, why would an employer not want to use pretax dollars? It doesn't cost them anything and they save FICA. Making it a mandate, I don't like that, but the problem is employers that don't understand it (the benefits of using pre-tax dollars).

Purchasing Through the Exchange

15. Do you think any of your clients would switch and purchase through the Exchange instead of through you?

Je. No.

C. If there is an option outside the Exchange – I suppose some could go into the Exchange instead of going through me.

M. Yes, if there was a significant cost savings and good customer service, I think they would. Employers want to save money, but customer service also comes into play. They often will choose the company with the better customer service.

A. Yes, if it's a competitive offering, sure.

W. Right now if it's allowed both ways, maybe ten percent would go to the Exchange.

J. They are going to go where it costs them less, so yes. Right now bottom line, cash outlay is most important.

T. I hope they can purchase the Exchange plan through us. Yes, a ton of our customers would purchase through the Exchange. Our hope is that if we offer service for groups under 100 or 50, but a lot will purchase through the Exchange.

O. They might. It depends on how the plans are designed. If they are the same as what is offered outside the Exchange and priced the same, then no. If the Exchange had a competitive advantage – sure, they would switch. They are interested in getting the most value for the dollar. They do appreciate our service, but at the same token it depends on how the Exchange is built. Will they get the same service? I would argue that they won't. My brother is a doctor in Canada and he hates the system. It's like when you call the IRS, you are just dealing on the phone with someone who really doesn't care, they are just pushing paper. The insurance agent can give you individualized attention; a governmental organization can't. Our government can't even balance the budget now.

Ti. Absolutely, in Vermont? Just because they are not informed as to what I do for the minimal amount of money. If they (the government) try to staff this with state employees, then the probability is that those who leave will have problems and will come back to me as they realize my value. I could lose quite a bit, but after a transition many will return.