



April 30, 2020

Pennsylvania Health Insurance Exchange Authority Board of Directors (PHIEA)
320 Market Street, Bowman Tower, Floor 3
Harrisburg, PA 17101

Re: PA's State Based Exchange – PA Association of Health Underwriters' Comments

To whom it may concern:

The Pennsylvania Association of Health Underwriters (PAHU) is comprised of agents and brokers and part of the larger National Association of Health Underwriters (NAHU). PAHU, as part of NAHU, helps service millions of consumers by guiding them through the complexities of health insurance purchasing all while agreeing to abide by NAHU's strict Code of Ethics which requires our members to always make health insurance recommendations based on the customer's best interest.

To that end, we were very excited and fortunate when PAHU secured a seat at the table on the PHIEA Advisory Council. Our goal was to help the PHIEA Board and the decision makers from the Commonwealth's State Based Exchange (SBE) Department make proposals at ground level in order to re-engage the agent/broker population in this segment of the business. After all, brokers served an integral part of the individual and family markets long before the ACA was signed into law and even for the first several years of the Federal Facilitated Marketplace (FFM) roll-out, until it became unaffordable and a liability to do so.

At our first PHIEA Advisory meeting, we were encouraged by the proposed guidelines on notification from the insurance carriers of products/pricing prior to open enrollment and disclosure of compensation well ahead of the "selling season" so brokers could make informed decisions about re-engaging in this market. The timelines outlined were more than acceptable, even though a tight timeframe for all. An additional proposal for participation in the SBE specific to the insurance carriers was that those insurance carriers that wanted to participate in the SBE could not offer Short-Term Medical/Short-Term Limited Duration policies. This was a moot point as none of the Pennsylvania carriers that currently participate in the FFM have offered a Short-Term product for more than several years.

We were also encouraged by our Commonwealth's exchange being reviewed and overseen locally as opposed to the federal level. Problem resolution on the FFM has been and remains difficult. However, we now also understand there are concerns due to the COVID-19 pandemic with the Customer Service Call Center that will be assisting PA residents insured through our Commonwealth's SBE, making the logistics of customer service challenging and the need for qualified brokers to help consumers through the potential challenges even greater.

On Thursday, April 16th, the PHIEA Board of Directors met to discuss proposals. We were very disappointed to learn that the provisions that would entice brokers to make informed business decisions and possibly once again make the individual and family segment an integral part of their portfolio, were tabled for further discussion for the 2022 plan year and not 2021. Additionally, further constrictions were added and discussed during the Broker Working Group virtual meeting and during the Education and Communication group virtual meeting that would further reduce the likelihood of broker participation. Our items of concern are below:

- Brokers that wish to participate in PA's State Based Exchange must appoint with each insurance carrier that offers a product in our Commonwealth – This is not logical as there is often an expense to the broker for an appointment. A broker in Western PA would not know or have the client base in Southeastern PA to make an appointment with a regional carrier. Some carriers are no longer appointing for the individual/family market and some carriers do not appoint any brokers from out of state so this provision would additionally limit the brokers that offer consultation in multiple states.
- Brokers that wish to participate in PA's State Based Exchange must agree to NOT sell Short-Term Medical and/or Short-Term Limited Duration Insurance – Although PAHU has not taken an official position on STM or STLDI, many informed and ethical brokers offer this as part of their product portfolio because there are times when interim coverage is needed such as between jobs, waiting on new coverage with a new employer, aging off of a parent's plan, retirement and coverage needed prior to Medicare eligibility. Most brokers could not remove this product from their offerings as they would have to deny service and consultation on some very real client needs.
- Advanced Notification of Commission and/or Product Portfolio – This has always been a challenge for brokers as release of information related to Open Enrollment typically arrives two weeks prior to the first day of Open Enrollment. The current release schedule does not allow for a broker to make an informed business decision about earnings vs. time spent, product designs that change each year. The fact that this proposed requirement will remain as is, at best, makes it unlikely that brokers will re-engage because of the additional tabling of the timeline for notice of change.
- Exchange Authority will be provided Commission payment schedules at least 45 days in advance of OEP and at least 30 days in advance of any changes thereafter – This is now a proposed voluntary offering from the insurance carriers. When the sales-cycle begins as early as 45 days in advance of the 1st of the month start date of coverage, a 30-day notice would alter the financial understanding of the broker from when the sale was originally initiated. This causes a difficult situation in which the broker is not compensated. The required Errors & Omissions coverage becomes tenuous with some insurers when a broker/client relationship is not financially in place. There is also a consistent history of these late changes since the inception of the FFM.

The PHIEA's launch of Pennsylvania's State Based Exchange should be more than successful. The launch requires a very strong "first impression" and the concern in waiting to revisit these very important provisions until 2022 could impact the Commonwealth's ability to launch strong and with the support of the licensed and certified brokers of PA, who are an additional resource to this process. PAHU is respectfully submitting these concerns to the Pennsylvania Health Insurance Exchange Authority Board in order to allow our concerns to be known and to perhaps engage in further dialogue.

Thank you for your time and attention.

Respectfully,

Deborah D. Wilkinson
PAHU PHIEA Advisory Council Member