



January 6, 2011

Via Electronic Mail

Mr. Brian Chiglinsky
Office of Consumer Information and
Insurance Oversight
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: Comments for Record of the January 13, 2011 Meeting of the Consumer Operated and Oriented Plan (CO-OP) Advisory Board

Dear Mr. Chiglinsky:

The Council of Insurance Agents & Brokers (CIAB) appreciates this opportunity to provide comments in connection with the Consumer Operated and Oriented Plan (CO-OP) Advisory Board's hearing to examine relevant data sources as part of the development of a grant and loan award strategy under Section 1322 of the Patient Protection and Affordable Care Act (PPACA).¹ As the Advisory Board pursues its charge to provide recommendations to the Department of Health and Human Services to help foster the creation of CO-OPs, we anticipate that some attention may be devoted to the question of qualifications for entities to be eligible for grants and loans under Section 1322. We urge that these qualifications, particularly ones that address interaction with the insurance industry, be established in such a way that CO-OPs will have access to the types of insurance market expertise they will need to help make them a success.

The Council is a trade association representing commercial insurance and employee benefits intermediaries and consultants in the United States. Our members include the nation's leading commercial insurance agencies and brokerage firms, which assist tens of thousands of employer-based health insurance plans of all sizes, covering millions of American workers, and which seek to help employers offer their employees the health coverage they need at a cost they can afford. An important aspect of our members' work includes advising health plans on ways to improve quality, reduce costs, and improve the health status of employees by designing and implementing health promotion and wellness programs matched to the workforce. All of this work gives our membership a thorough understanding of the group health insurance market, and our members have had a unique opportunity to observe the economic and regulatory challenges group health plans have recently faced. And as PPACA's historic market reforms are implemented, The Council has proudly served not only as a resource to members helping to promote employer compliance, but as a messenger actively communicating to the implementing agencies our members' findings about what employers are struggling with as part of their compliance obligations.

¹ Notice of Meeting, Department of Health and Human Services, The Consumer Operated and Oriented Plan (CO-OP) Advisory Board; Office of Consumer Information and Insurance Oversight, 75 Fed. Reg. 81612 (Dec. 28, 2010).

PPACA Section 1322(c)(3)(B) sets forth governance requirements for entities to be qualified as CO-OPs, including the adoption of governance documents that incorporate ethics and conflict of interest standards protecting against “insurance industry involvement and interference.” We understand policymakers’ intention to ensure that CO-OPs are new, member-run insurance companies that will put the needs of small businesses and individuals first; however, we urge that the phrase “insurance industry involvement and interference” not be interpreted so broadly as to preclude CO-OPs from utilizing the assistance and expertise of independent insurance agents and brokers (who may receive commissions from insurance carriers), third party administrators (“TPAs”) (who receive compensation from insurance carriers), and other types of service providers to insured and self-insured plans. Such an outcome would be a disservice to consumers and small businesses because agents, brokers, TPAs and other service providers have long played a significant role in the provision and service of health care insurance, delivering valuable services to individuals and employers in the design and ongoing operation of their health plans.

For example, agents and brokers use their insurance expertise to assist plans in navigating the complex health care marketplace, balancing specific workforce health care needs with financial resources, goals, and objectives that are achieved through optimized marketing methodologies and appropriate plan design and underwriting. Agents and brokers could, therefore, use their insurance expertise to assist the management of CO-OP plans in doing the same. Additionally, as mentioned, agents and brokers advise plans on ways to improve quality and reduce costs by designing and implementing health promotion and wellness programs matched to the workforce; the same could be done for CO-OPs, as incentives for participants as well as member companies. Moreover, agents, brokers and TPAs provide health plans with assistance that goes well beyond the plan design and/or coverage purchasing phase, and may include professional consultation on matters such as: compliance with applicable federal and state laws; advocacy for employees in the claims process; development of educational materials and assistance with communications regarding benefits; and input and advice on the appropriate funding levels to assure long term financial sustainability.

The services agents, brokers and TPAs provide are particularly important to small entities, which often lack their own staff to handle benefits matters. And as benefits specialists, agents and brokers are subject to rigorous state licensing and continuing education requirements, and serve a proud and important role as advocates for their clients. Indeed, the state insurance regulators’ association – the National Association of Insurance Commissioners (NAIC) – has expressly recognized the importance of agents and brokers as educators and advocates as PPACA implementation continues, and NAIC has established a task force and reached out to the U.S. Department of Health and Human Services to develop a dialogue on how the role of agents and brokers can be preserved and leveraged for the benefit of consumers and businesses.²

Agents and brokers not only provide expertise, but serve as a sales distribution channel for insurance carriers. By offering this distribution capability to CO-OPs, agents and brokers can help ensure that CO-OPs reach a broader population. Wider distribution of CO-OP plans can lead to more competition, effectively lowering the cost for health care to participants, which is a prime objective of PPACA.

² For more information see http://www.naic.org/Releases/2010_docs/health_reform_impact_agents.htm.

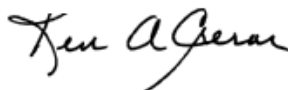
Importantly, our members have significant practical experience with organizations similar to the CO-OPs as envisioned by PPACA. Professional agents and brokers have been involved in developing, implementing, managing, and advising Health Insurance Purchasing Cooperatives and Benefit Captives, including successful initiatives like the Council of Smaller Enterprises (COSE) benefit plans in the Cleveland, Ohio area and the Connecticut Business & Industry Association (CBIA)-sponsored plans in Connecticut.³ And of course, there are hundreds of associations that for many years have retained our agent, broker, and TPA members to serve all of their insurance program-related needs.

The likelihood of success for the new CO-OPs will only be enhanced by having access to market experts such as agents, brokers, TPAs and other service providers. Indeed, the demonstrated knowledge and expertise that these professionals possess with respect to insurance carriers, coverage options, provider networks, employee communication, and compliance just to name a few, make them uniquely positioned to offer the types of education, marketing, administration, claims handling, and employer contacts that will be key to the CO-OPs achieving their objectives.

The same array of professional services that are available to employer-based health plans should be available to CO-OPs. As such, we recommend that any qualifications concerning eligibility to be a CO-OP or to receive grants and loans under the CO-OP program, should make clear that CO-OPs are not precluded from seeking and relying on these valuable services.

The CIAB stands ready to provide you with any additional information or assistance that may be helpful.

Sincerely,



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³ More information on COSE plans is available at <http://www.cose.org/Member%20Benefits/Benefits%20Programs/Health%20Insurance/Health%20Care%20Decision%20Tools.aspx>. For more information on CBIA plans, see <http://www.cbiam.com/ieb/er/default.htm>.