



Testimony for the
HEALTH CARE TASK FORCE
submitted by
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Thank you Chairman Cameron, Chairman Collins and members of the task force for allowing me to present today. My name is Scott Leavitt, I am the Past President & Legislative chair of the Idaho Association of Health Underwriters. IAHU represents over 1,000 health insurance professionals in the State of Idaho. In answering your four questions today:

- 1) We support Exchanges as long as they preserve the out of the exchange marketplace. We would support an exchange that is similar to the Utah exchange model over the Massachusetts exchange model. It should be a web portal that provides plan information and enrollment with the assistance of certified health insurance agents.
- 2) We strongly believe that Idaho should create a state-level exchange. Here are several points to support a state-level over a federal exchange:
 - Under current law, exchanges are not optional. It is not a decision whether we want an exchange or not, it is do we want a state-level exchange or a federal exchange. If a state fails to take the necessary steps to begin creating exchanges to serve the individual and/or small group markets by January 1, 2013, the PPACA law requires the Department of Health and Human Services to create and operate exchange options for state residents instead.
 - Allowing for a federal fallback exchange for state residents and business owners would give the federal government unprecedented control over the not only the state's private insurance market , but also its public health assistance programs like CHIP, Medicaid, the High Risk Pool and associated state-level expenses.
 - If a federal exchange were created the federal government, not the states, would establish enrollment/disenrollment and other plan functions details normally under state control today.
 - Each state's population is different, with diverse needs and interests. Creating exchanges at the state level will allow for variations and innovations to accommodate the specific needs of Idaho residents. State-level exchanges will also provide residents with customized and timely consumer protections, patient advocacy and more effective customer service than a national exchange operated by federal regulators ever could.



- State-level exchanges also ensure that state officials have complete control over associated spending. PPACA does establish federal start-up grant funding for state-based exchanges, and requires that each exchange must be self-sustaining by January 1, 2015, but there will be ongoing administrative costs, which will, in all likelihood, be borne by the state.
- If a federal exchange is created for the state of Idaho, state premium taxes would no longer be collected. The premium tax is currently the 4th largest revenue source for the State of Idaho; if the premium tax is no longer collected the state would lose a significant amount of budgeted revenue.
- If the state government retains control over its exchange's administration and design, it can make responsible choices about what type of exchange infrastructure that best suits the state in terms of budget and the needs of its specific population.
- If a state-level exchange is created the state will have more control as to which carriers will provide the health insurance plans in the exchange. It has been stated that if a federal exchange is created there will only be three options; Medicaid, a for-profit carrier and a non-profit carrier. In a federal exchange there is a high probability that Idaho's local carriers would no longer be selling individual or small group plans.
- If a federal exchange is created in Idaho it can exclude licensed agents that advocate and service the needs of Idaho consumers. This would result in the loss of over 2,500 agents and their staff. In addition to the loss of jobs it would also mean a loss of income tax revenue which would be a major loss to the state budget.
- In a state-level exchange the state can include the use of licensed agents to enroll consumers and also create the requirements that will need to be met in order to sell in the exchange. By using licensed and certified agents within the exchange it will protect the consumers of Idaho by providing them with an advocate that will guide them through the complex task of choosing the appropriate and affordable coverage.
- IAHU believes that in order for someone to sell insurance through the exchange they should have to be licensed, carry E&O insurance, be certified and be compensated. This will allow them regulated by the state of Idaho.
- The creation of state-level exchange should assure a competitive marketplace both inside and outside of the exchange to avoid adverse selection within the exchange.
- If PPACA is overturned, we can include language in Idaho's state-level exchange law that repeals the exchange or requires that Idaho review the law to determine if this is a course of action we wish to continue to follow.



3) Our Hope is an Exchange will:

- Increase choice in the marketplace
- Encourage competition
- Allow for comparison shopping
- Bring some affordability
- Ease enrollment
- Bring transparency
- Simplify Portability

4) Our Concerns are that an Exchange could:

- Create complexity
- Strangle competition
- Reduce Consumer Choice
- Drive consumers to handpicked or limited insurance carriers
- Disrupt the marketplace outside the exchange
- Standardized products will be static and take too long to adapt to changes

Thank you, I stand for your questions.

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