

**PIIAI**Professional Independent  
Insurance Agents of Illinois**NAIFA IL**

NAIFA Illinois

**ISAHU**Illinois State Association  
of Health Underwriters

## Illinois Covered

The Professional Independent Insurance Agents of Illinois (PIIAI), the National Association of Insurance and Financial Advisors (NAIFA Illinois), and the Illinois State Association of Health Underwriters (ISAHU) are the leading professional trade associations for health insurance agents and brokers, representing thousands of health insurance producers and employee benefit specialists in Illinois. Our members service the health insurance plans for thousands of Illinoisans and work on a daily basis to help individuals and employers purchase health insurance coverage. The 80,000 people that make up the agent/broker community also make up a large part of the state's economy. Our coalition applauds Governor Blagojevich's efforts to address the problem of the state's uninsured. Although we agree with the Governor that we need to address the 1.5 million uninsureds in Illinois, we are not convinced that the Illinois Covered plan is the best answer to achieve that goal.

We are concerned that Illinois Covered does not adequately address solve the underlying problems that cause people to be uninsured. Health insurance is expensive because providing medical care is expensive. Our coalition believes that all citizens deserve a health care system that delivers both world class medical care and financial security. They deserve a system that is accessible, affordable and fair. This system should boost the state's economy, attract new business and strengthen existing enterprises. We think there are still a number of questions that need to be addressed regarding Illinois Covered.

### Disruption of the Marketplace:

- We are deeply concerned about the role, if any, for the insurance producer (agent) and benefits advisor. A number of the provisions of the legislation either attempts to replace the expertise of the producer or do not recognize and utilize the wealth of knowledge that the producer brings to the consumer and market.
- A state mandated plan that does not allow for variance in plan benefits discourages new product development and will not meet the demand from employers for flexibility and diversity.
- Illinois Covered encourages crowd-out. We do not want to encourage the thousands of people already covered through the employer market to drop coverage to obtain fully government-subsidized care. The idea of offering premium subsidies on a sliding scale to assist employees as proposed in the Illinois Covered Rebate would be a viable solution to offset costs to the consumer. The 3 percent payroll tax imposed on employers who do not offer over coverage increases the risk that employers will choose to drop the current coverage (even with the 18 month requirement), as the penalty may be less then it would cost them to provide health insurance for their employees.
- The Illinois Covered plan is presumed to be a low-cost alternative to what is available in the market. What provisions will make this plan more cost effective than plans currently available? For example, are there existing or proposed laws or regulations that will not apply to the Illinois Covered Plans?

- The availability of the Illinois Comprehensive Health Insurance Plan (ICHIP) and when applicable, HIPAA-CHIP, plus other private sector plans, the marketplace in Illinois has availability of insurance coverage for everyone. The issue is affordability.

#### **Health Care Cost Containment:**

- What does Illinois Covered do to decrease the cost of health care? Just like the problem of the uninsured, there is no one magic answer to health care cost containment. As health insurance producers and employee benefit specialists, our coalition members do have extensive knowledge of health insurance markets and factors that are driving up health insurance claims costs and consequently health insurance premium rates. We feel improvements need to be made to lower costs, improve quality, and create greater efficiency.
- What provisions in Illinois Covered address promoting healthy behaviors or wellness?
- How does this bill encourage people to become more involved in their health services?

#### **Medicaid Expansion:**

- Will expanding Medicaid to people up to 400% FPL really help the problem of the uninsured or will it merely shift coverage from the private market to the public system? Instead, a targeted effort to enroll the thousands of residents and children already eligible but not signed up would be more beneficial. We need to reach the most vulnerable of citizens including children, the disabled, and the extremely poor.
- We believe that the existing Medicaid system's problem such as the backlog in claims, enrollment and provider participation must be addressed prior to embarking on a major expansion.

#### **Guaranteed-Issue and Community Rating:**

- In every state that has tried to implement guaranteed-issue and community rating, these reforms have significantly increased prices. The result is adverse selection, where only those who anticipate high medical costs will purchase coverage. Healthy people don't need to buy coverage because they can also get it whenever they become sick. Other states that have tried this approach have seen significant premium increases, businesses dwindle and insurers leave their markets. How does the provision in this bill overcome this experience?

#### **Sustainability:**

- Creating a new government bureaucracy to set the Illinois Covered Choice plan designs, deductibles, co-pays, and rating standards as well as provider payments is a questionable solution. How can Illinois Covered accurately predict that the plans offered will be deemed "affordable," before requiring citizens to obtain coverage by implementing an individual mandate? The plan claims to be a private-public partnership; however insurers, who have experience in the marketplace, will have no control over product design and must instead offer a government-sponsored and designed plan.

Our coalition would like to offer its recommendations to Senate Bill 5 and look forward to working with all interested parties on comprehensive health reforms that are in the best interest of our citizens. We believe this can be accomplished without limiting people's ability to choose the health plan that best fits their needs and assures them the crucial access to the services of independent, and state licensed health insurance counselors and advocates.