

**NEW YORK STATE OF HEALTH
TESTIMONY SUBMITTED TO:
SENATE STANDING COMMITTEE ON HEALTH
SENATE STANDING COMMITTEE ON INSURANCE**

From:
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My name is Erin Nevins. I am the founder, owner and President of EP Nevins Insurance Agency, Inc., with offices located in Albany and Chatham (Columbia County). I am a NYS licensed insurance agent, a legislative committee member and the President-elect for the Northeastern chapter of New York State Association of Health Underwriters (NYSAHU).

I have been involved in the health insurance industry for the past 14 years. As a broker my customer base consists mainly of small businesses (2-50 employees) to include Chambers of Commerce and Sole Proprietors. Herein, my comments will focus on the Individual, Sole Proprietor and Small Business market segments in New York State.

As many of you are well aware, small businesses significantly impact New York's economy. They represent 99.1 percent of all employers and employ 51.4 percent of the private-sector labor force. Small businesses are crucial to maintaining a positive fiscal condition of the state.

Most of New York's small businesses are very small. Out of all small businesses, 78.0 percent of them have no employees. The large majority of the other 22 percent employ fewer than 20 employees.

The recent changes for 2014, as a result of the Affordable Care Act have significantly impacted Sole Proprietors and Small Businesses negatively, mainly increasing monthly premiums and out of pocket costs. In addition network consolidations have led to inaccessibility to various forms of specialized medical care which has created hardships for some.

My Agency has spent the past few years working diligently to educate our clients/consumers about controlling their healthcare costs by focusing on wellness, learning how to be good healthcare consumers and minimizing claims costs through smart utilization. The average cost of the plans we sold in 2013 were approximately \$150 Individual/\$450 Family. The average cost for 2014 for a similar product is now approximately \$300 Individual/\$850 Family.

The biggest distinction to mention here is that there has been a 100% increase in monthly premiums, as well as an annual out of pocket potential increase of \$1,350 for Individuals and \$2,700 for families and a drastically decreased network of providers and formulary prescription drugs.

One main issue that is impacting some of the small businesses is that The Affordable Care Act (ACA) has adopted the Employee Retirement Income Security Act (ERISA) definition of an employer group, which requires one or more employees. Under ERISA, "employee" excludes "an individual and his or her spouse ... with respect to a trade or business, whether incorporated or unincorporated, which is wholly owned by the individual or by the individual and his or her spouse" and also excludes "a partner in a partnership and his or her spouse..." (29 CFR section 2510.3-3).

This forces Husband & Wife Joint Ventures to write their insurance as individuals, and not through their respective businesses. This has created a hardship because this particular business size is no longer able to access the same level of benefits and national network or out of network coverage that they previously were enrolled in. It unfairly singles out a husband & wife, though they are engaging in legitimate businesses.

My recommendation is that NYS would request a waiver from the Federal Government to change the definition in New York back to the previous definition of 1 to 50 employees for the small group market segment.

New York State has always been extremely progressive over the past several years regarding consumer protections, incorporating over 52 State Mandated Benefits into the health insurance policies without any analysis to the overall rate impact to all New Yorkers. The Affordable Care Act has now brought additional cost to our consumers, which is a cost that many cannot afford.

The purpose of the Act was to make insurance more affordable and accessible. Within the past few months I have worked with many people and the majority of them have expressed despair, disbelief and disgust, routinely making statements that they may have to drop insurance altogether and just pay the penalty.

My concern is that if the cost of healthcare is so expensive that the people that have always paid their own way for so many years can no longer afford it, then the risk pool will start to unravel and the rates will rise to a level out of reach for many more.

Finally, I would like to advise that Brokers such as myself have always been a trusted resource to our clients, providing more than just a health policy, but also guidance, education and claims resolution assistance among other things. We have always received compensation from the insurance companies to provide customer service to the members. The implementation of the State Exchange has allowed some insurance carriers to pick and choose which market segments they will compensate brokers for. Commission continues to decrease and in certain cases cease to be paid. My fear is that the public will not be able to understand their options in the future and will have no assistance or guidance by an educated, licensed and insured broker to help them navigate the complexities of the plans. This decrease in compensation has greatly impacted my business as well as others in my industry. The insurance carriers cannot possibly staff enough employees to assist the volume of members that exist in New York. As brokers start to leave the industry due to pay decreases, the residents of New York State will be gravely underserved.

In closing, I would like to re-state the issues at hand:

1. Cost reduction
2. Market Segment Definition changes back to (1-50) instead of (2-50)
3. Network Access increased back to previous level in 2013
4. Broker Compensation must be consistent

I appreciate the opportunity to submit my responses to you in hopes of making positive change for everyone in the near future. I am happy to provide any assistance or further clarification if needed. Please don't hesitate to use me as a resource.