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New York State Association of Health Underwriters Calls upon New York State to Use Surplus to Pay Health Republic Providers

The failure of Health Republic of NY left some 200,000 New Yorkers searching for replacement coverage. Many hospitals and health care providers continued to treat Health Republic insureds without being compensated, and licensed health insurance brokers, agents and benefit consultants worked diligently to ensure that their clients had access to the information they needed to make an informed decision on choosing a replacement health plan – also without being compensated, as Health Republic had not paid any broker commissions for several months.

We applaud these professionals for continuing to serve their clients, and we applaud the decision that several carriers made to participate in an auto-enrollment program for Health Republic of NY insureds. We're troubled, however, by the fact that this option didn't value or preserve the existing relationship between the approximately 140,000 Health Republic of NY insureds that live and work in the New York Metropolitan area and their health insurance brokers, many of whom advised their clients whether to accept their auto-enrollment offer or to enroll in another health plan.

One of the auto-enrolling carriers advised in an email that "Due to an overwhelming response to our broker program, we are not recruiting additional brokers at this time. We will contact you when we begin our broker recruitment efforts once again." Another carrier, not participating in the auto-enrollment program but nonetheless expecting an influx of new enrollees from Health Republic, dramatically slashed their commissions for new business written after Nov.6.

What can be done about the monies owed by Health Republic? A recent survey puts the amount owed NY hospitals at more than \$160 million, and the state Medical Society estimates that doctors are owed "tens of millions of dollars" as well. We've seen no mention of what Health Republic owes insurance brokers in unpaid commissions – but these amounts will easily be in the millions as well.

What's needed is a solution that avoids the usual outcomes of a failed insurance carrier – reduced payments or no payments to those who provided their professional services even after the carrier ceased reimbursement for those services – without inflating future insurance premiums or increasing NY residents' tax burden. We think that we have such a solution.

NYS recently announced the existence of a \$1 billion surplus, \$680 million of which was generated by penalties levied by DFS. New York State should use some of that surplus to pay everyone what they are owed – doctors, hospitals and insurance brokers – and NYS should also ensure that Health Republic enrollees who have selected a licensed insurance advisor will continue to benefit from their advice by directing succeeding carriers to automatically appoint those brokers when their clients accept an auto-enrollment offer.

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About NYSAHU

The New York State Association of Health Underwriters represents more than 600 licensed health insurance agents, brokers, general agents, consultants and benefit professionals through four chapters across the state of New York. NYSAHU members service the health insurance needs of large and small employers as well as people seeking individual health insurance coverage. Every day, NYSAHU members work to obtain insurance for clients who are struggling to balance their desire to purchase high-quality and comprehensive health coverage with the reality of rapidly escalating medical care costs. As such, one of NYSAHU's primary goals is to do everything we can to promote access to affordable health insurance coverage.

NYSAHU members help millions of consumers by guiding them through the complexities of health insurance purchasing and enrollment, while ensuring they get the best policy at the most affordable price. We seek to understand each personal situation to create recommendations that complement a client's financial and medical security needs, and our job does not end with the sale. Our licensed members help their clients with claims issues, service questions and compliance matters throughout the life of each policy they sell.