

Broker Relationship and Compensation

August 27, 2012

Essential Questions:

How will COHBE partner with brokers and agents?

What is the process that brokers and agents will go through to be certified and appointed to sell COHBE products?

Will brokers and agents be compensated for the sell of COHBE products? Should commissions be comparable on and off the Exchange?

Goals/Objectives of COHBE:

- Support SB 11-200 intent to increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado.
- Promote a level playing field.
- Leverage existing distribution channels to assist people with health coverage decisions through the Exchange.

Applicable law:

Colorado

Regulation 1-2-10 Concerning the Regulation of Insurance Producers by the Colorado Division of Insurance: Colorado Producer Licensing Model Act

Federal

45 CFR §155.240 – Lays out the ability of brokers and agents to assist consumers access the Exchange

45 CFR §155.240(d)(1) requires agents and brokers to have an agreement with the Exchange prior to selling through the Exchange

45 CFR §155.240(d)(2) requires agents and brokers to receive training on QHPs available through the Exchange.

Recommendations:

The COHBE Individual Experience and SHOP Advisory Groups meet on several occasions to discuss the relationship and compensation structure COHBE should establish with brokers and agents.

The advisory groups came to consensus on the following areas and COHBE requests the Board take action on these guiding principles to inform the next level of program development:

1. COHBE should partner with brokers and agents.
2. Broker and agent compensation should be comparable inside and outside the Exchange.
3. Brokers and agents will participate in both the Individual and the SHOP Exchanges.
4. Individuals and small businesses should NOT be required to use a broker or agent.

Additional discussion about the legal structure COHBE takes on to partner with brokers and agents and the impact this structure will have on the certification process will occur in September and October. Brokers and agents should be enabled to sell any products offered on the Exchange. COHBE will bring a recommendation about the legal structure and certification process to the Board in October.