

## **GENERAL**

- The statutory purpose of the Maryland Health Benefit Exchange (the “Exchange”) is to “supplement the individual and small group insurance markets outside of the Exchange.” (SB 182, Chap 1., Page 9, Section 31.102(5)). This means that the Exchange should not direct its efforts toward acquiring customers from persons already insured in the individual or small group market; rather, the Exchange should direct its efforts to securing coverage for persons who do not currently have it.

## **Operating Rules for the Exchange**

- The Exchange should support the current model of employer-based health insurance and should not adopt a “defined contribution” approach under which the benefit design decision and administration function are transferred to individual employees, which will be costly to administer and confusing to employees.
- The cost of operating the Exchange should be borne by the Exchange to the greatest extent possible, and any mechanism or formula used to subsidize Exchange operating expenses from other sources should be fully and publicly disclosed.
- Navigators should be required to be licensed under the same rules and conditions as insurance producers in Maryland.
- The rules governing Exchange operations must acknowledge the role of licensed insurance producers and coordinate the services of the Exchange with those of producers.
- The Exchange should be expressly prohibited from obtaining marketing information from any public agency, and should be generally required to market its products in the same manner as other insurers and producers.

## **Use of the Exchange by Insurance Producers**

- The success – or failure - of the Exchange will be directly proportional to the extent it is used by health insurance producers in Maryland.
- Maryland insurance producers will use the Exchange when it is in the best interest of their clients.
- Maryland insurance producers support a vibrant health insurance market that allows them to offer a variety of choices to their clients, including products offered both inside and outside the Exchange.
- If it is to compete successfully, the Exchange must compensate Maryland insurance producers competitively with insurance products offered outside the Exchange.