Chairman Hottinger, Vice Chairman Hackett and Ranking Member Brown, my name is Carolyn Mangas and I am the government affairs manager for the Ohio Insurance Agents Association (OIA). I am here today, along with one of OIA's member agents Alex Due, to testify in support of Senate Bill 227.

OIA is the collective voice of more than 1,300 independent insurance agencies that employ more than 10,000 Ohioans. We promote, progress and protect the professional advice and guidance only independent agents provide. Our members write 82 percent of the commercial insurance policies and 44 percent of personal insurance policies in Ohio. We help agents by providing agency valuation support, succession planning, advocacy initiatives, professional development, business solutions and industry thought leadership. We are committed to fighting the commoditization of insurance because we believe the right insurance matters.

S.B. 227 would require health insurers to release certain aggregate claims information to group plan policyholders. Ultimately, this legislation will provide a solution to a problem that our members have brought to my attention over the last several years. By allowing risk advisors and employers access to this information, Ohio employers can make better decisions regarding properly assessing health care options to potentially reduce their health care costs.

As Sen. Huffman cited in his sponsor testimony, Louisiana and Texas have laws in place to require health insurers to release claims data. Releasing this information is not a violation of HIPAA. In fact, HIPAA has specific language stating that insurance carriers can release this information for insurance-rating purposes.

Independent insurance agent Alex Due is here today to further explain the need for S.B. 227 and how it will help him to better advise Ohio businesses on their health care options.

My name is Alex Due, Executive Vice President of Employee Benefits for Stapleton Insurance Group in Sylvania, Ohio. Licensed in over 30 states, Stapleton Insurance Group has more than 5,000 customers. Our independent insurance agency strives to bring services to businesses and consumers that align with their goals and support their continued success. Our commitment is to support our clients with knowledgeable agents who work with them to find the right insurance for their needs. Stapleton Insurance Group offers both commercial and personal lines coverage.

I've been working in the health insurance industry for over 25 years, spending the majority of my career in the alternative funding market space, including partially self-funded plans. The Affordable Care Act has developed additional opportunities in the partial self-funded realm through level-funded programs or plans using stop-loss insurance with a claims administrator. My expertise is developing the above plans for companies with 50 to 1,000 employees.

When developing these plans, it is important to have access to the group's health insurance claims data for the current and previous two years to design a program balancing the level of risk and reward. Companies with 100-plus employees have always had access to their claims data due to ERISA requirements. However, certain carriers require 100-plus companies to be above that number for 12 consecutive months before they will provide the data. If you are a company between 50 and 100 employees or sitting on the 100-plus bubble, insurance carriers do not release the data. Most cite HIPAA guidelines or other privacy regulations (PHI) as the reason for not providing this information.

When providing companies with reasonable health insurance options, having access to this information allows the benefits advisor to show additional funding arrangements that otherwise would not be available. When the data is not presented to the stop-loss insurance company, the rates released are more conservative and, in most cases, not competitive to the fully insured quotes. This forces the employer group to select the program with increasing rates, generating higher underwriting profits for the insurance carrier.

Having access to such claims data will promote competition between insurance carriers. Currently, there are only five fully insured carriers in our area. However, there are more than 15 stop-loss carriers we can use in this same area. The increase in stop-loss carriers allows the advisor to negotiate on behalf of the employer group more aggressively to provide the most competitive plans and rates.

The claims data, both medical and prescription, should be available at the formal authorized request of an experienced benefits advisor to develop a Request for Proposal for an employer group health plan. The data should include gross monthly claims over the previous three years, total number of contracts (single, two-party and family) over this same period to include medical conditions and claims for high claimants. The requested data should also include any stop-loss or reinsurance reimbursements. This information is vital to construct the entire picture for net claims paid by the insurance carrier.

The data should be for companies with 50 and above full-time equivalents (FTEs) or an Applicable Large Employer (ALE). Our intention is to use this data for quoting alternatively funded programs, as well as fully insured programs. As mentioned, we feel the threshold should be at 50 FTE's because smaller groups should not look at alternatively funded programs due to the level of risk inherent at that employer size.

In closing, we believe this legislation will provide significant help to both risk advisors and Ohio employers. S.B. 227 will provide additional information that can serve as a much-needed tool to empower better decision-making in the health insurance marketplace.

For these reasons, we encourage you to support S.B. 227.