



## MEMORANDUM IN SUPPORT

**S.4546 (Seward)**

**A.1711 (Hevesi)**

**AN ACT** to amend the insurance law, in relation to exceptions to the general prohibition on rebating

This bill would allow insurance producers, within the scope of their licensure and as part of commissions paid or fees earned, to provide certain services to assist insurers and policyholders in the interpretation, management and communication of certain insurance policies or health plan contracts and their costs.

The **New York State Association of Health Underwriters (NYSAHU)**, comprised of licensed health insurance brokers and employee benefits consultants, which support universal health coverage by integrating existing public plans with market-based solutions to improve affordable and accessible health insurance plans for all, **STRONGLY SUPPORTS** S.4546 / A.1711, which is one of its Top Legislative Priorities.

Specifically, the bill would amend Insurance Law Section 4224 to allow licensed insurance producers without charging a service fee, or in the case of licensed insurance brokers for a separate service fee, to provide certain services to assist insurers and policyholders in the interpretation, management and communication of health insurance policies and plans and their costs, including risk assessment, insurance consultation and advice, insurance-related regulatory & legislative updates, claims assistance services, tax preparations services related to IRS Form 5500 Schedule A (Annual Return/Report of Employee Benefit Plan), insurance plan information, forms, administration, employee & subscriber enrollment services, website links/employee benefit portals, answers to FAQs, COBRA administration services, and HIPAA compliance services.

The bill is entirely consumer-friendly and is necessary to modernize the law to allow health insurance producers, employee benefit consultants to service their existing accounts, while remaining competitive in seeking new business in the ever evolving insurance marketplace.

Today's sophisticated employers are not only shopping for cutting-edge advice in selecting health plan benefits design and coverage options together with top notch claims servicing and policyholder advocacy, but are also requesting that their brokers provide human resources support and services to improve employee health outcomes and thus reduce claims losses and ultimately insurance premiums. Archaic anti-rebating and inducement laws meant to proscribe illegal commission-splitting, must now be amended to allow modern value-added, full service platforms to be offered to insurance plan consumers.

Licensed producers routinely provide their clients with ancillary services such as: benefits concierge, employee communications in the form of benefits websites, help desks and telephone hotlines, together with uniform benefits statements and even regulatory compliance support, often without additional cost to the client. The ancillary services described above and included in the bill, would codify the exceptions from the statutory anti-rebating and inducement laws listed in New York State Insurance Circular Letter No. 9 (2009).

Passage of S.4546 / A.1711 would establish a statutory “bright line,” by codifying allowable exceptions to the anti-rebating law, thus enabling licensed producers to continue their current practices as demanded in the marketplace without fear of reprisals and selective enforcement sanctions by the Department of Financial Services for violating the law.

As such, for all of the reasons enumerated herein, and on behalf of the members of the New York State Association of Health Underwriters, we **STRONGLY SUPPORT** S.4546 / A.1711 and **URGE ITS IMMEDIATE PASSAGE.**

Respectfully submitted,

James D. Schutzer  
Legislative Co-Chair  
(914) 644-9232

Daniel E. Colacino  
Legislative Co-Chair  
(518) 244-4334

Thomas W. Faist, Esq.  
Legislative Counsel  
(518) 573-4508