

# **INDEPENDENT PROCUREMENT**

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# INDEPENDENT PROCUREMENT

What is it?

Why do we need it?

Why should NCOIL members support compliant use of Independent Procurement?

What can states do?

What can carriers placing policies through Independent Procurement do?

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What is it?

- a. History
- b. Current status

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## Why do we need it?

- a. High deductibles and co-pays vs. low personal savings rates leave more than 70 million lower-income Americans functionally uninsured. More than 20 million completely uninsured, Medicaid phase out will increase.
- b. Cost-saving innovations, i.e. low/zero deductibles, Reference-Based Pricing, PBM transparency, available through ERISA group plans, but often don't line up with stop loss policies from admitted carriers.
- c. Small businesses hit hardest - labor shortages, can't compete.

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## Why should NCOIL members support compliant use of Independent Procurement?

- a. Very strong demand, and very high satisfaction (from ERs and EEs), for cost-efficient group plans.
- b. Hundreds of millions in premium taxes unreported and unpaid, particularly on policies issued by so-called “captives.”
- c. Despite NRAA mandate, no national compacts.
- d. Confusion, “No good deed goes unpunished” for voluntary tax compliance.
- e. Conditions ripe for federal intervention.

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## What can States do?

- a. Publish clear procedures for Independent Procurement tax reporting and remittance.
- b. Establish online directory where out-of-state insurers can submit key financial and other information, and warnings can be posted.

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What can carriers placing policies through Independent Procurement do?

- a. Require insureds to give carriers authority to report premium tax obligations to states of domicile.
- b. Encourage and facilitate timely reporting and payment of taxes
- c. Continue to educate and listen.
- d. Seek your input for potential model act, bulletins, guidance, etc.

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