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Issue Paper

Healthcare Reform

August 2015

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PIA:

- **Supports the role of independent agents and brokers in the sale and servicing of health insurance and “The Access to Professional Health Insurance Advisors Act” (H.R. 815/S. 1661) to ensure the just compensation of insurance agents.**
- **Supports access to employer-sponsored health insurance and legislation to repeal the “Cadillac Tax” (H.R. 879 and H.R. 2050).**
- **Opposes allowing healthcare navigators to sell, solicit or negotiate insurance without a proper license.**

Whether being purchased through the health insurance exchanges created by the Affordable Care Act (ACA) or private plans, professional, licensed independent insurance agents and brokers guide consumers through a complicated process, providing quotes and scrutinizing plans, while ensuring that consumers consider the best options available to them. Independent agents represent multiple insurance carriers and provide unparalleled service that cannot be beat. The value that agents and brokers provide has increased dramatically as the ACA has rolled out.

Insurance agents provide this wide range of services for both individual consumers and the business community. However, the ACA included a medical loss ratio (MLR) formula that requires insurers to spend no more than 20% of their premium dollars (individual and small group plans) or 15% of their premium dollars (large group plans) on administrative costs. Unfortunately, the MLR requirement has been interpreted in a way that has resulted in unstable reductions to agent compensation; sometimes by as much as over 50%. This is threatening the livelihood of independent insurance agents and stifling their ability to adequately help policyholders. As a result, PIA took action and worked to have legislation introduced that would solve this problem. PIA supports the bipartisan Access to Professional Health Insurance Advisors Act (H.R. 815/S. 1661), introduced by Representatives Billy Long (R-MO) and Kurt Schrader (D-OR); and Senators Chris Coons (D-DE) and Johnny Isakson (R-GA). The legislation provides that certain compensation for agents and brokers is exempt from the MLR calculation under the healthcare law.

Millions of middle class individuals rely on health insurance obtained through employer-sponsored health plans. A provision in the ACA, often referred to as the “Cadillac Tax,” is intended to lower healthcare costs by imposing a 40% excise tax on “overly generous” employer plans. However, a recent study by Milliman found that the tax, as enacted, will affect moderate-benefit plans in certain geographic regions, while allowing for overly generous benefit plans in other areas. PIA opposes the Cadillac Tax, in so far that it will disrupt the employer-sponsored health insurance market. PIA supports efforts to repeal the excise tax such as Ax the Tax on Middle Class Americans' Health Plans Act (H.R. 879), introduced by Rep. Frank Guinta (R-NH), and Middle Class Health Benefits Tax Repeal Act of 2015 (H.R. 2050), introduced by Rep. Joe Courtney (D-CT).

Under the ACA, navigators are charged with conducting public education and raising awareness of health plans, distributing information on exchanges, and facilitating enrollment. PIA is concerned with the lack of appropriate training and standards of these navigators. Unlicensed, untrained navigators could lead to incorrect information being distributed, fraud, market disruption, sensitive consumer information being released or failed consumer protections. A final rule issued by the Centers for Medicare & Medicaid Services (CMS) in 2014 significantly lowered standards for health insurance navigators, putting consumers at increased risk by permitting unlicensed navigators to perform functions of licensed insurance agents and brokers, without requiring they obtain an agent or broker license. PIA supports efforts to raise standards and training for navigators.

PIA encourages the utilization of the current agent and broker community. Agents and brokers are licensed, regulated and experienced professionals that educate consumers on complex products and enroll them in policies that best fit their personal needs. Any approach that moves away from the utilization of agents and brokers is strongly opposed by PIA.

For additional information on this issue, please contact PIA’s federal affairs department or visit www.pianet.com/issues-of-focus/healthcare.

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