

Role of Health Insurance Agents, Brokers and Consultants in Health Reform

ACTION NEEDED:

For health care reform to be successful, Congress must include health insurance agents, brokers and consultants in any reformed health care delivery system.

BACKGROUND:

As the individuals on the front lines advising and helping select health insurance products for families and businesses large and small, health insurance agents, brokers and consultants occupy a unique place in the health care coverage system.

We educate consumers on their health care coverage choices, help them select the most appropriate plans for their specific needs, and serve as their advocate if problems arise. Subject to strict state licensing laws and education requirements, agents, brokers and consultants are critical to not only the health insurance enrollment process, but also in serving the health insurance coverage needs of individuals and employers after the point of sale.

Benefit specialists design benefit plans, explain coordination issues of public and private benefits to individuals and employees, and solve complex claims and billing issues. They help design and implement cutting-edge health promotion and wellness programs and help our clients comply with state and federal laws like HIPAA, COBRA and ERISA.

Some contend that agents and brokers add unnecessary expense to the cost of health insurance, and that a government-run entity can substitute for the role and value of professional benefit specialists. However, the record clearly indicates that government bureaucrats are ill-equipped to provide the personal service, timely objective information, guidance and, most importantly, accountability that professionally trained and licensed agents and brokers deliver on a daily basis.

For decades, professional benefit specialists have proudly delivered quality service and value to help Americans maximize their health and financial resources to meet their individual needs.

A recent survey of 1,000 American consumers found an overwhelming preference for personalized service and human interaction from their insurance providers, and that three-quarters of consumers are very satisfied with the service provided by their agents and remain committed to working with them in the future. More than half (53%) of consumers cite personalized service as what they like best about the services offered by their insurance agent, and quality of service topped the list of the key factors in choosing an insurance provider.¹

In addition, the nonpartisan Center for Studying Health System Change concluded in a study that insurance brokers play an important role in helping small employers find affordable health coverage for their workers and dependents:

“... an examination of the role of brokers in 12 nationally representative communities ... indicated that brokers provide valuable services to small firms, such as obtaining prices for

¹ “Three-Quarters of Insured Americans Are Satisfied With Their Insurance Agent and Remain Loyal.” Survey commissioned by IBM, May, 2007. Accessed at: <http://www.03.ibm.com/press/us/en/pressrelease/21583.wss>

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coverage, explaining benefits to employees and problem solving for employers. In some markets, brokers also helped educate employers and employees about state policy initiatives to expand coverage. In contrast to the notion that brokers merely make insurance more costly, these findings suggest brokers can provide important benefits to small employers, plans and policy makers.”²

Professionally licensed benefit specialists routinely serve as *de facto* human resources/personnel/payroll departments for many small businesses. Each and every day, millions of small employers rely on the services of agents and brokers to help them manage and offer employee benefits, comply with state and federal laws and regulations, and solve problems, should issues arise. Many small employers are not in a financial position to have separate human resources personnel on their payroll, and depriving access to agent and broker services would cause significant hardships for a majority of small businesses in America.

The nonpartisan Congressional Budget Office (CBO) confirms this important role that agents, brokers and professional consultants play in accessing and managing benefits:

“...[Especially in the individual and small group markets, insurance agents and brokers often] handle the responsibilities that larger firms generally delegate to their human resources departments—such as finding plans and negotiating premiums, providing information about the selected plans, and processing enrollees.”³

And in another recent analysis, the CBO states that “... because many small firms and individuals may find brokers’ services valuable, policymakers might consider allowing such services to be used in conjunction with [a buy-in option to FEHBP].”⁴

Professional benefit specialists are multifaceted in their value and services that extend far beyond health care. They help employers and others maximize options on a broad range of insurance and financial security instruments, including disability insurance, long-term care insurance and other financial planning considerations.

With the increase in affordable access to private coverage that will come with responsible health care reform, millions of new Americans will have the opportunity to enter our health care delivery system. The nation’s agents, brokers and consultants look forward to continuing their role as their advocates in the coverage process.

² Leslie Jackson Conwell, “*The Role of Health Insurance Brokers – Providing Small Employers with a Helping Hand*,” Center for Studying Health System Change, Issue Brief No. 57 (2002).

³ Congressional Budget Office, “*Key Issues in Analyzing Health Insurance Proposals*,” Pub. No. 3102, December, 2008, p. 70.

⁴ CBO, “*Budget Options, Volume I: Health Care*,” Pub. No. 3185, December, 2008, p. 55.