



**THE COUNCIL**  
of INSURANCE  
AGENTS & BROKERS



**NATIONAL ASSOCIATION**  
OF INSURANCE AND  
FINANCIAL ADVISORS

## **Americans Deserve Access to Professionally Licensed and Trained Health Insurance Agents, Brokers and Consultants**

### ***Government-Run “HELP” Centers Have Spotty Performance Records***

As Congress considers meaningful proposals for national health reform, one key test of public approval for any sustainable and equitable improvements will be ensuring that all Americans have the ability to choose the health insurance plan that best fits their needs. Another key test will be ensuring continued access to the services of state-licensed agents, brokers and consultants who serve as American consumers’ counselors and advocates.

Professionally licensed health insurance agents, brokers and consultants provide valuable services to individuals and employers to obtain prices for coverage that best fits their needs. Licensed specialists design benefit plans, explain coordination issues of public and private benefits, and solve problems that may occur once coverage is in place. They also help design and implement cutting edge health promotion and wellness programs for employers—a focus that everyone agrees is key to combating increasing health care costs.

Agents and brokers are subject to rigorous licensing and continuing education requirements and serve a proud and important role as advocates for their clients. They help gain coverage for and service the benefit needs of millions of Americans.

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 agencies are ill-equipped to provide the personal service, timely objective information, guidance and accountability that professionally trained and licensed agents and brokers deliver on a daily basis.

Whether issues involve compliance with or navigating options on state and federal laws, regulations and issues (including tax decisions, HIPAA, ERISA, COBRA, the Americans with Disabilities Act, the Genetic Nondiscrimination Act, etc.), professionally licensed and trained agents, brokers and consultants are there every day as consumer advocates. They provide peace of mind to millions of employers, workers, individuals and families.

### **Proven and Dependable Role in Providing Value and Satisfaction**

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.<sup>1</sup>

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 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.”<sup>2</sup>*

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.”<sup>3</sup>*

Another recent analysis by 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].”<sup>4</sup>

Moreover, professional benefit specialists provide multifaceted 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, life insurance and other financial planning considerations. There is also a whole universe of voluntary

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<sup>1</sup> “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>

<sup>2</sup> 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).

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

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

benefits that agents, brokers and consultants are helping to pioneer and coordinate for enhanced employer and worker productivity and satisfaction. These include non-traditional benefit programs that help millions of Americans access life-enhancing products through payroll deduction, from auto or homeowners insurance, to prepaid legal services, to payroll deduction programs used to purchase computers.

Their professional purpose, mission and values are all dedicated to “sweating the details” on behalf of American employers, workers, families and individuals, and guiding them to be smart shoppers of health care and maximize their options for attaining health and other financial security.

### **Spotty Record of “Government-Run Help Centers”**

In contrast to the professional agent and broker experience, government-run help centers have a spotty record of service and dependability. Depriving Americans of the services of professionally licensed benefit specialists would not be in the best interests of consumers and patients. If agent, broker and consultant services are prohibited in any new health insurance reform, then individuals, families and employers would be confined to, and at the mercy of, some nameless, faceless bureaucratic “call center” to obtain information and service for their health needs.

Recent evidence of the performance of two prominent government-run call centers gives pause to the idea of entrusting government to be the best advocate for consumers.

**1-800-MEDICARE:** A recent U.S. Senate Special Committee on Aging hearing<sup>5</sup> and investigation on the performance of the 1-800-MEDICARE call center identified continued numerous problems with the service given to Medicare beneficiaries. Blatant shortcomings include:

- confusing interactive voice response menu options
- unacceptably long wait times—up to one hour during peak call periods
- disconnected calls
- technical and infrastructure failures
- inappropriate referrals to State Health Insurance Assistance Programs and other entities
- jargon-filled and error-ridden scripts that are used by customer service representatives to respond to caller inquiries
- oversight inadequacies and training deficiencies
- incorrect information routinely being dispensed by customer service representatives.

**Internal Revenue Service’s Taxpayer Telephone Assistance:** The IRS taxpayer telephone assistance services continue to experience significant problems. According to a 2008 GAO study:<sup>6</sup>

- the number of toll-free callers who received busy signals or were disconnected from the IRS increased nearly 10 times over the previous year
- the caller abandon rate more than doubled over the previous year
- the average speed of answer (the length of time taxpayers wait to get their calls answered) nearly doubled from 2007, to almost nine minutes.

<sup>5</sup> U.S. Senate Special Committee on Aging, “1-800 Medicare: It’s Time for a Check-Up,” September 11, 2008. [http://aging.senate.gov/hearing\\_detail.cfm?id=302806&](http://aging.senate.gov/hearing_detail.cfm?id=302806&)

<sup>6</sup> U.S. Government Accountability Office, *IRS Tax Administration Performance*, December 2008 (GAO-09-146).

These significant deficiencies of government-run help centers underscore how truly unfortunate it would be if some Americans were limited to this type of bureaucratic “service” in a reformed health system.

Professionally trained and licensed benefit specialists are proud of their role as consumer advocates in helping to make health care and other financial protection happen for millions of Americans. And they look forward to playing a constructive part of comprehensive health care reform aimed at expanding personal choice and access, reducing costs and improving health care quality.

Though government-run call centers have a time and a place in providing basic information and service, they cannot replace the high level of personal service, policy knowledge and accountability that distinguishes the professional agent, broker and consultant.