



# *Access, Choice, and Affordability*

## **NAHU's Health Reform Principles**

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The National Association of Health Underwriters (NAHU) is the leading professional association for health insurance agents, brokers, general agents and consultants, representing more than 100,000 benefit specialists nationally. Health insurance agents and brokers help individuals and their families and employers of all sizes purchase health insurance coverage. NAHU members work on a daily basis to help America's health insurance consumers use their coverage in the best possible way.

Americans deserve a healthcare system that delivers both world-class care and financial security. This system should be accessible, it should provide consumers with choice in coverage options and providers, and it should focus on containing cost burdens to make coverage affordable to all Americans. Despite the passage and implementation of the Patient Protection and Affordable Care Act (ACA), our nation's individual and business consumers of healthcare still face many challenges. NAHU urges Congress and the Administration to build upon the existing strengths of our private-market system to achieve a bipartisan, workable health-reform solution.

### **Access**

As a starting point, NAHU believes that our country needs a health coverage system that is accessible to all. We should strive to make access to medical care and the financial protections private health insurance provides available to all Americans. We also must ensure that Americans have access to the help they need to purchase and use coverage that best meets their specific needs.

In order to successfully navigate our existing healthcare framework, the vast majority of employers and individual health insurance consumers voluntarily choose to utilize a licensed and regulated independent agent or broker. The purchase of medical care coverage is one of the most important personal and financial decisions individual American families make. Furthermore, the purchase, design and implementation of a benefit plan are enormously consequential to American employers of all sizes. NAHU believes that, to be successful, healthcare reform moving forward must acknowledge and preserve the role of professional health insurance agents, brokers and consultants to assist both individual and business consumers of healthcare. This means that the use of a health insurance agent or broker should be available for all American health insurance consumers, whether the consumer has private coverage, coverage through a public program or a health insurance option that combines both elements, like the health insurance exchange marketplace. It also means that agents and brokers must be both fairly compensated for their work, and licensed and regulated to ensure consumer protection.

Access to a wide range of coverage sources also needs to be a top priority. For the majority of Americans under the age of 65, employer-sponsored health insurance is a reliable method for obtaining high-quality health insurance coverage, and it is the core of our national private-market healthcare-delivery system. Employer-based coverage is the bedrock for health insurance coverage and needs to continue to be an option for Americans. Public-policy options that could erode this system, such as changes to the tax treatment of coverage for both employers and employees, must be avoided at all



costs. Tax incentives for employers to establish group plan benefits for their employees, including the small business tax credit tax, must be preserved and expanded outside of SHOP. Furthermore, Congress and the Administration must take expedient and extensive action to reduce the financial and administrative burdens on employers attempting to provide health insurance coverage for their employees and dependents to ensure that employers continue to invest in their employees' healthcare needs in the years ahead.

Most Americans obtain their coverage through their employer or the employer of a family member, and should be able to continue to do so if they wish. However, it is also critical to build and preserve consumer access to a stable and affordable individual marketplace for those who do not have the choice of an employer-based plan. To that end, Congress should make adjustments to our tax code so that individuals buying coverage, regardless of income, can partake of needed tax breaks. We see no compelling reason to alter existing income tax exclusions that employers currently enjoy and incorporate to make sure their employees have healthcare benefits.

Health insurance premium tax credits for low-income individual health insurance consumers have significantly increased access to exchange-based individual coverage. Policymakers should focus on eligibility requirements to ensure that people with high-cost group family coverage have the opportunity to obtain needed premium assistance, and Congress and the Administration should focus on improving eligibility-verification processes and simplifying reporting means for employers so that people who are not actually eligible for assistance aren't unintentionally enrolled, subjecting them to potentially crushing tax consequences in the future.

Finally, while ensuring consumer access to individual and employer-based major medical coverage is crucial, these are not the only types of health insurance policies for which access needs to be preserved. For our nation's senior population, the stability of our Medicare system is crucial. In the absence of Medicare reform, continued access to a wide range of supplemental options -- including standalone prescription drug plans, private Medicare Advantage coverage and various types of traditional Medicare supplemental plan choices -- should be maintained. A vibrant long-term care coverage marketplace is also critical as our nation ages, and expanding access to this type of coverage through tax incentives and employer plans will help reduce public program cost burdens in the years ahead. Standalone vision and dental policies allow consumers access to targeted networks and often more robust services, and other excepted benefit plans also are an important way that many Americans choose to supplement their care needs and protect their financial security. It is also crucial to allow consumers the option of securing these types of policies through either workplace purchasing or on an individual level. With all of these coverage options, consumers should also have the opportunity to seek the services of a licensed professional health insurance agent or broker for coverage support throughout the plan year.

## Choice



Within health insurance marketplaces, it is critical that individual and business consumers of healthcare have many choices so that they may pick the type of policy that best suits their needs and budgets. For all insurance markets, this means public policy that may limit health plan competition and innovation should be kept in check. On the individual side specifically, ACA creates several mechanisms for helping lower-income Americans better afford health insurance coverage, including allowing states to choose to expand their Medicaid programs and premium tax credits for eligible low-income individuals who purchase coverage through health insurance exchanges. ACA's attempt to help more Americans afford health insurance premiums through tax credits is laudable. However, by restricting recipients of this premium support to only low-income individuals purchasing their coverage through health insurance exchanges, ACA unnecessarily limits the choices available to these consumers. Tax credits should be available to all Americans who qualify; it should be their choice if they want to buy their coverage through an exchange or the traditional private market.

With regard to the group health insurance market, federal policymakers should avoid choices that could limit employer options in providing a wide range of coverage choices to their employees, including restricting plan-design and coverage-financing options. If an employer takes on the responsibility and cost of sponsoring a true employer group plan arrangement, then the employer should have a wide array of coverage options and plan-design tools to choose from and the ability to innovate. Over the last few years, a variety of ACA provisions, regulations and administrative actions have made employer plan-design options more rigid, restricted employer cost-reduction mechanisms and have resulted in fewer plan choices being available, as well as more limited provider networks. Additional rules currently being developed could further limit an employer's ability to choose Health Saving Account options for employees, hamper their wellness program options and force them into selecting policies with higher deductibles and employee cost-sharing. Immediate action needs to be taken to provide relief and more choice at both the plan-sponsor and individual employee levels.

Another factor that limits choice is over-regulation of the insurance marketplace and the assumption that all state health insurance markets can be regulated identically. States need more flexibility in implementing ACA market reforms in order to ensure that they are appropriate for their residents and businesses. Areas where state flexibility is needed include establishing age rating bands for coverage, allowing for the ability for insurers and employers to use composite rates as determined by the state, and reviewing and approving the essential benefit and other coverage requirements to ensure that they allow individuals and employers the opportunity to buy affordable coverage. A workable waiver system and greater state regulatory control and flexibility whenever possible would help improve consumer coverage options.

Finally, while we should give consumers the ultimate choice of whether to enroll in health insurance coverage, NAHU suggests creating strong financial and insurance-related incentives for consumers to maintain continuous coverage – even when they are healthy. State-level insurance market innovation history shows that if you don't give consumers reasons to maintain coverage and don't allow health plans to evaluate for risk, the cost of coverage ultimately increases. Similarly, insurance market risk-mitigation provisions in the law cannot be compromised without the risk of grave



insurance market instability, including higher costs and fewer choices for individual health coverage consumers, small-business owners and the self-employed.

## Affordability

Affordability is the key to the success of health reform. Expanded access and choice will be a wasted effort if people are unable to pay for coverage. However, the simple truth is that we can't lower private insurance and public health coverage program costs until we first bring down the cost of medical care, seeing as it is what is making health coverage more expensive for individual consumers, employers and public programs. Making coverage affordable for everyone doesn't mean simply providing people with generous tax credits to help pay for coverage. It also means looking at what is causing the cost of coverage to skyrocket, and that means taking a hard look at the cost of medical care. To truly bend the medical cost curve in a downward direction, all of the stakeholders in the healthcare industry will have to step up and propose cost-containment ideas that fall under their areas of expertise. As a nation, we must stand back and take a hard look at our public healthcare spending—how we are spending money, who is paying for what services and why.

Unfortunately, ACA does not do nearly enough to address the cost of medical care itself and to rectify the situation. Congress and the Administration must turn their attention to the issue of rising healthcare costs. To start, there should be federal incentives to encourage private-market investments in payment reform, such as bundled payments and value-based purchasing for employers and insurers that specialize in the under-65 market. This will begin to reduce the healthcare cost-shift we see from government to private payers today, and will reduce the cost of health plans for employers and their employees. Prioritizing changes to the way providers are reimbursed under Medicare to incent quality of care over volume will also provide timely savings to our Medicare program and could also influence the private under-65 health insurance market's provider payment patterns.

Americans also need to examine and understand how personal choices are negatively impacting not only their own health, but also the physical and economic health of this country. Behavior is the most significant determinant of health status, and reducing overall healthcare costs through promoting and achieving a healthier lifestyle for all Americans should be a top priority. Along those lines, access to wellness programs should be incented at every turn, not discouraged. There is a wide degree of evidence that shows healthcare price transparency will encourage providers to deliver both greater healthcare innovation and increased value and quality for consumers. It is NAHU's view that the federal government does not need to legislate or regulate transparency requirements for the private market. Instead, we believe the federal government can lead by example through the commitment to greater transparency within its own systems and public-private partnerships to share data build transparency tools.

Given that the employer-based system is the coverage source for the majority of Americans under age 65, group coverage affordability needs to be a top priority too. For small employers, many of ACA's arbitrary provisions, such as narrow rating bands, limits on composite rating and new levels of minimum coverage, have resulted in higher rather



than lower costs that directly impact both the business owner and all of the employees. Larger employers are overwhelmed by plan-design changes and restrictions as well as the cost and compliance burden of counting employees and documenting and reporting coverage options caused by the health reform law's employer shared responsibility provisions. They are also now subject to new fines, in some cases even when they do offer coverage, and employees are the ones who ultimately bear the burden of all of this increased expense. Accordingly, Congress and the Administration should make every effort to make group health insurance coverage both less expensive and easier to administer.

Another factor that substantially increases health insurance costs for those doing the responsible thing by purchasing and maintaining coverage is the health reform law's growing tax burden, including the national premium tax that has made all fully insured benefit plans significantly more expensive and the looming health coverage excise tax that could be applied to any employer-sponsored coverage arrangement. While NAHU recognizes that Congress needs to find a stable revenue source to subsidize costs for low-income Americans, such funding should not be borne on the backs of those individuals and employers who are already in the health coverage system.

Finally, the issue of affordability is critical for every stakeholder, including state and federal governments. NAHU recognizes that the success of a national health-reform effort depends on government providing some level of financial assistance to those who truly cannot afford to purchase private health insurance coverage. To protect our national economy, however, careful consideration should be given to the level of government intervention in our health insurance system required by ACA and the costs required to support that level of involvement. Any health coverage program established must be well structured, adequately funded and have long-term financial viability. Otherwise, we run the risk of creating unsustainable programs, failing to deliver on promises made to America's neediest citizens while increasing the federal deficit and potentially bankrupting our states.

## **Conclusion**

Simply stated, this is a time for reevaluation and likely difficult decisions. We all have a stake in healthcare reform. There is still much work to be done. NAHU sincerely hopes that policymakers can work in a bipartisan manner to build on what has worked and fix the parts of health reform that are broken. It is possible to deliver health reform that guarantees access and choice, lowers costs, improves healthcare quality and puts the needs of the American people first. America's health insurance agents and brokers stand at the ready to help policymakers with this process and look forward to continuing to provide needed, timely and accurate consumer assistance to employer and individual health coverage clients of all backgrounds.