



# Medicare Position Paper June 2015

Since the Medicare program was created in 1965, it has served as a critical source of financial and health security for our nation's senior population. Much has changed with the program and its beneficiaries over the years and the complementary private Medicare coverage marketplace has evolved as well. The National Association of Health Underwriters (NAHU), a professional association representing more than 100,000 health insurance agents and brokers, including thousands of agents directly involved in the Medicare marketplace, believes that our nation should prioritize the long-term security of Medicare. Policymakers should take all necessary steps to ensure that the program is financially stable, serves its beneficiaries efficiently, and provides consumers with dynamic health coverage choices. Further, we believe that Medicare beneficiaries should always have the option to access the professional services of licensed insurance agents trained in the Medicare marketplace. Agents serve as the Medicare consumer's advocate, trusted source of information and advisor by providing objective and affordable choices to meet the consumers' needs.

Over the years a number of changes have affected the Medicare marketplace creating the environment we have today. The development of the private Medicare Advantage (MA) program option has given beneficiaries more choice and the option to elect coverage that more closely mirrors the coverage options that were available to them when they were part of the under 65 population. Furthermore, the creation of the Medicare Part D prescription drug program has proven to be extremely popular and eliminated many of the affordability problems many seniors previously had with purchasing necessary medication. Market and demographic changes have also created an increasingly robust and competitive marketplace for seniors who elect to combine tradition Medicare with supplemental coverage. Furthermore, as access to group retiree coverage declined, the demand for Medicare individual coverage has skyrocketed. Finally, the enactment of the Patient Protection and Affordable Care Act (ACA) has introduced new regulations on enrollment periods, minimum loss ratios, certification, and other requirements that affect both beneficiaries directly and the Medicare marketplace as a whole.

So that the Medicare program serves its beneficiaries in the most efficient way possible, policymakers need to always be mindful of the current health coverage and economic climate and ensure that Medicare beneficiaries always have a wide range of appropriate coverage choices. Continuing to provide access to first-dollar coverage options is critical for the millions of seniors with fixed incomes who find it easier to budget a premium than a claim. Seniors also need an adequate amount of time to choose their plan options each year, and their time to make plan choices should ideally be during a time window-dedicated to Medicare, not one where issuers, advisors and the federal government are also focused on enrollment for other health coverage programs. Once a senior makes a plan choice, he or she should have a window of time to make an appropriate coverage adjustment if necessary and special election periods should be available when significant mid-year changes to a Medicare health plan's structure or benefits occur. Coverage appeals processes need to be simple and effective for beneficiaries and outdated program rules that can unintentionally disrupt coverage, such as the requirement that rehabilitation care be dependent on a three-night hospital stay need to constantly be monitored, revisited and revised as needed.

It is also essential that policymakers preserve access to private Medicare options. For many seniors Medicare Advantage coverage is an attractive and familiar coverage option that provides access to enhanced benefits with low and predictable out-of-pocket cost levels. The popularity of this program continues to grow each year, so

reimbursements cuts need to be slowed to prevent consumers from facing higher out-of-pocket costs and reduced benefits.

- As demographics shift, policymakers will need to expediently make necessary Medicare program changes to accommodate the evolving needs of beneficiaries. Americans are delaying retirement and staying in the workforce longer due to a variety of reasons including improved health, the rising Social Security eligibility age and reduced retirement savings levels. The nexus between employer group health insurance and Medicare eligibility is complicated and beneficiary choices during this timeframe can have financial consequences that last a lifetime. NAHU believes that steps need to be taken at the federal level to make Medicare eligibility more complimentary with employer group coverage, including increasing flexibility and options for working seniors with access to qualified high-deductible health plans and health savings accounts. Also, just as COBRA and state-based continuation coverage is considered creditable coverage for individuals changing jobs, this type of health insurance coverage should also be creditable for any member of the Medicare population who wishes to remain on an employer-sponsored plan. Federal policymakers should take steps to ensure that qualified employer group coverage is always accepted by Medicare as creditable alternative coverage mechanism, regardless as to whether the individual employee or the employer is the primary payer of such coverage premiums, and Medicare eligible individuals exercising their COBRA or state continuation of group coverage rights should not be assessed financial penalties. Furthermore, accurate information about an individual's creditable coverage rights and options relative to Medicare should be included as part of any employer COBRA and/or state continuation of coverage sample notice templates.

Another key priority for lawmakers needs to be ensuring that Medicare beneficiaries always have access to the help they need to make plan choices that meet their needs and budgets and effectively use their benefits all year. A constant resource available to help seniors with all of the issues associated with their Medicare coverage is licensed health insurance agents and brokers. Agents deal with Medicare issues every day and are more than capable of educating seniors and advocating for them when needed. Unfortunately, in today's Medicare marketplace health insurance agents and brokers are not treated the same way as they are with other coverage options and other coverage marketplaces. Broker treatment parity with the Medicare supplemental, traditional under 65 coverage individual and employer group coverage marketplaces will enhance beneficiary services and the Medicare experience.

NAHU believes that federal policymaker should take immediate steps to ensure that beneficiaries always have the option to utilize health insurance agent services such as eliminating requirements that hinder agents and brokers from making quick appointments with clients and hosting client events. There are also prohibitive restrictions acting on a client's behalf with issuers, exhaustive record retention and sales call requirements and limitations on the use of websites and modern client communication technology that should be lifted. All of these requirements increase both the complexity of the role of the agent and costs to the beneficiary, yet add little consumer protection value so they should be lifted. Consumer protection will still be ensured by the wide range of state and federal requirements for health insurance agents serving other health insurance markets

Federal policymakers also need to relax restrictions that make it financially difficult for many agents to participate in the private Medicare marketplace. Federal regulations currently predetermine the amount of compensation an agent can be paid and define their payment schedule. While general limits are acceptable by regulation, insurance carriers should be permitted to pay commissions to agents with fewer restrictions. Furthermore, agents should be permitted to transfer their book of business to another agent as part of a succession plan for MA and Part D plans, just as they are allowed to for Medicare supplements and other types of coverage. Finally, Federal regulations should not unfairly punish agents for minor compliance lapses, such as letting a non-resident license expire and agents should be allowed

adequate time to establish appointments with health insurance issuers and. to correct their appointments in the case of an error if they are otherwise in good-standing with training and licensure requirements.

Finally, NAHU believes that increasing Medicare beneficiaries' access to a wide range of health plan choices that meet the demographic and economic circumstances of today's seniors and improving the professional agent/broker's ability to service their Medicare clients will truly benefit the Medicare program and all Medicare beneficiaries. However, choice and competition in the Medicare marketplace ultimately are dependent on the overall financial stability of Medicare itself. NAHU believes that federal policymakers always need to be mindful of the need for Medicare amongst our population and work to make sure it is a financially stable program that can effectively meet the needs of our senior population. One immediate step that could be taken to help improved Medicare financing would be allowing for a combined single coverage deductible across Medicare components, as long as overall Medicare program choices and supplemental coverage options are not restricted. Another would be reforming the provider payment structure within the Medicare program to focus on quality and value-based incentives compared to traditional fee-for-service programs. In addition, increasing program payment and coverage cost transparency will both reduce fraud and allow for more responsible consumer purchasing decisions. Finally, policymakers need to investigate long-term strategies to shore up the overall financial security of the program.

Americans have come to depend on Medicare as a core financial and health security element in their later years. NAHU looks forward to working with policymakers to ensure that all Americans always have access to an efficient and dynamic Medicare marketplace serviced by licensed professional health insurance agents and brokers.