



**Massachusetts Association of Health Underwriters
Position Statement
Massachusetts Health Care Reform
Updated
February 2007**

The Massachusetts Association of Health Underwriters (MassAHU) is the foremost a professional association of employee benefits and health insurance producers in the Commonwealth of Massachusetts, and part of the National Association of Health Underwriters, representing over 20,000 professionals in the nation. MassAHU is dedicated to promoting common business interests and ethical practices of its members, and to advocating for the best possible application of all health insurance and related products and services in Massachusetts.

Because our members, and the profession which we represent, play such a vital role in the distribution of health care products to consumers in the commonwealth, we believe that it is essential that licensed, professional insurance producers remain the foremost marketing arm within the health care system for the placement of individual and group health products offered to consumers. Over 90% of the health insurance products sold in Massachusetts are through licensed health insurance producers. Additionally, our members have been indispensable in helping seniors understand and enroll in federal Medicare Part D programs, Medicare Advantage and other programs such as the state's Insurance Partnership.

We applaud the efforts made by many to move forward with the goal of insuring all people in the Commonwealth of Massachusetts. We realize that in order to make progress in this regard, significant compromises were made in the legislative process, and in the ensuing promulgation of regulations to enact the law. As we move forward, it is important that any oversight commission or council created to consider, review and establish policy relative to health care and health insurance, must include representation of independent licensed insurance producers from MassAHU. We have a unique perspective of understanding individual consumer and employer needs as well as market and underwriting factors affecting carriers without being tied to any specific insurance company in that regard.

In addition to our previously expressed position on health care reform, and as stakeholders in the future of health care and health insurance in Massachusetts, MassAHU would like to emphasize and advocate for the following:

☀ **Distribution of Products:** The Connector is established to operate as a health exchange, with its primary role to facilitate transactions among government, employers, individuals, health insurers and brokers. Through its creation as part of the Health Care Reform Act, it is not intended to negotiate rates or benefits with carriers, to act as an insurance entity, to replace the authority of the state insurance department, to impose a standardized benefit

package, and equally importantly, to disrupt the existing channels of distribution in the commercial insurance market. It is crucial that the Connector work closely with insurance producers, and that it not duplicate or try to supplant the role of the producer in the distribution of health and ancillary products in the state. Additionally, we look to the state to uphold the stipulation that health insurance products be sold only through licensed insurance producers, as producers are regulated in terms of educational and ethical requirements by the Division of Insurance.

☀ **Producer Compensation:** In the role of the producer advising consumers and employers and assisting in their education and enrollment in Connector plans, the reform law states that commissions will be paid. As trained professionals with a vested interest in providing consumers with valuable information on all of their options, MassAHU supports the premise that the Connector provide compensation that is commensurate with the professional efforts which producers put forth, and which is commensurate with compensation paid in the commercial insurance market, both in and outside of Massachusetts, for individual and group markets. Working with producers and compensating them for their efforts does not increase the cost of insurance, but rather adds value to the consumer process and reduces the otherwise costly training, salary and overhead for Connector staff. Clearly, the Legislature recognized the importance and value that licensed producers bring to this process – that is why language was included in the reform law (Ch 176Q, Sec. 11) which states that producers be paid.

When the broker is involved, the market remains fluid and successful. Examples of this can be seen with the success of the Medicaid Part D enrollment. The following points speak to the importance of producer involvement in the distribution and enrollment processes.

Consideration should also be given to compensating producers for enrolling people in subsidized state programs. With the knowledge that insurance professionals need in understanding all options and how they coordinate and compliment each other, and the fact that we are daily meeting with employees/consumers in every income level, our role can help the state meet its goal of full insurance quickly and efficiently. Several other states have effectively used producers to help expand enrollment in CHIP and other subsidized markets. Producers have also effectively enrolled thousands of Medicare recipients in Part D in a very short time frame, without whose help many people would have struggled with choosing and enrolling in a plan.

☀ **Producer Accreditation:** Currently the state of Massachusetts requires licensed producers to obtain 45 continuing education hours per three year period. MassAHU provides several opportunities for producers to receive high level continuing education throughout the year, as do the health insurance carriers. Ethical standards in the association also support excellence in this profession and our members regularly attend programs, such as the outreach programs on health care reform, which have not been filed for CE credit but nonetheless provide important information. Therefore, we do not support a separate certification or accreditation for selling products through the Connector. However, if the state moves towards requiring accreditation, the continuing

education courses should apply towards the existing CE requirements and not in addition to such requirements.

☀ **Minimum Creditable Coverage:** It is important to support flexibility and affordability for the successful outcome of health care reform. Regulations for minimum creditable coverage should not impede consumers from purchasing or carriers from developing federally qualified high deductible plans. Consumers should be allowed to self insure manageable costs of non-mandated benefits such as prescription drugs or routine preventative expenses. Additionally, in order to ensure that affordable options are available, regulations should allow for annual or lifetime benefits to be less than unlimited.

☀ **Health Insurance Mandates:** We support the two year moratorium on introducing new mandates in the state, and further, we support the requirement that all new mandates go through a hearing and budgetary funding process. However, this does not go far enough to address the need for lower cost insurance plans in the commonwealth, which can only be accomplished with the freedom to price out products with limited mandates (aka mandate-lite). This provision, in at least one of the original health care reform proposals, was omitted in the final bill except to the extent that a young adults plan may have some modified mandate benefits. We do not believe that mandates should be modified for a specific market segment (i.e. young adults), as families and older adults need affordable options as well. To protect consumers, we support legislation allowing for removal or modification of mandates, with full disclosure of the non-conforming provisions at the time of application.

☀ **Transparency:** The rapid expansion of information technology, combined with a growing demand for greater transparency of information concerning quality and price of medical procedures and performance is a welcome development, and the Connector's Health Care Cost and Quality Council has an important mission in moving this forward as quickly as possible. This information will only be meaningful if we offer plans in both the subsidized and commercial market that encourage active consumerism. We must foster an environment of competition through deregulation of the health insurance market to achieve meaningful results. We need to encourage 'individual responsibility' and move away from the concept of unlimited access without regard for cost in the future.

☀ **Insurance Partnership Subsidy Program:** MassAHU supports the expansion of the Insurance Partnership program to working persons under 300% of the FPL. However, limiting eligibility to employees of small employers (less than 50 employees) should be removed, so that employees who are working for larger employees have equal access to assistance. We would support a phase-out of the employer subsidy for larger employers in order to benefit the working poor in all companies. As soon as possible, the crowd-out provisions of both the employer market (IP) and the individual subsidized market need to be removed, as this will contribute to temporarily increase the number of uninsured, so that people can qualify for a subsidy by dropping their coverage for six months, or reducing their number of hours, thereby losing employer sponsored coverage, in order to qualify for a subsidy.

☀ **Individual Subsidized Products:** MassAHU favors the expansion of subsidies that encourage productive employment in the workforce. The individual subsidy plan in Massachusetts uses existing government funding (the uncompensated care pool) to help lower-income individuals purchase private coverage through four Managed Care Organizations (MCO's). In the future, we feel that it will be necessary to open up the market to more plans, and that the plan design should incorporate increased flexibility and allow for deductibles and more consumer participation in their care.

☀ **State Children's Health Insurance Program (S-CHIP)** Consideration should be given to providing credits from one subsidy program to apply to other programs in the state. National level research has shown that parents and children are more likely to go for preventative and routine medical care when they are covered by the same plan. Children qualified for S-CHIP could potentially be insured under their parents' employers' health plans if qualified CHIP dollars were applied to help parents pay for their employer sponsored insurance.

☀ **Tax Policy:** MassAHU commends the state for its initiative in finding a way to provide the same tax advantages to individual insurance purchasers as exists in the employer based market. We support further addressing of this issue on a national basis so that federal and state tax codes are consistent.

☀ **Employer Assessment:** The compromised final version of the employer requirements has resulted in more reporting, red tape and confusion for all employers. The \$295 is not a meaningful assessment in the sense that employers will purchase employee insurance to avoid the payment. Additionally, employers who actually do provide insurance to their employees have not been relieved of their burden to contribute to the state's uncompensated care costs. MassAHU feels that an employer mandate provides a platform for further regulatory control and precedent for increasing the mandate amounts over time, and it is an erroneous assumption to think that the provision of, or absence of providing employee health insurance, does not affect wages and other forms of employee compensation. In the spirit of competition for the best talent and skills, employers should be allowed to design their own program of employee compensation including wages, insurance and other fringe benefits, without government intervention.

☀ **Medical Malpractice:** MassAHU supports preserving quality providers and quality care options for the residents of the state. Malpractice insurance costs are driving providers out of many states, where some professions, such as obstetrics, have been in severe shortage as a result of malpractice costs. Massachusetts must work towards effecting meaningful malpractice reform to help protect providers from frivolous law suit awards. MassAHU supports researching creative solutions and successful methods of curbing awards.