

New Government Health Plan: Message Points for Agents and Brokers

04-09-09

- **Most people will lose their private health insurance under proposals to create a government plan.**
 - Americans are satisfied with their coverage today. For example, a 2007 survey found that 67% of employees rated their coverage as “excellent” or “very good” overall.
 - A recent analysis by the Lewin Group estimates two-thirds of those with private coverage – over 105 million people – would lose their private insurance and be shifted into the new government plan.
- **Proposals to create a government plan will lead to a two tiered health care system.**
 - Private premiums would skyrocket, making private health insurance unaffordable for most and the government plan would quickly become the only affordable option.
 - The government plan would likely continue current Medicare and Medicaid practice of underpaying providers by 20-30 percent, resulting in longer waits and reduced access to care for those who cannot afford to maintain private insurance.
- **The role of agents and brokers would be drastically reduced or even eliminated under a new government plan, to the detriment of small employers and individuals.**
 - Agents and brokers provide valuable services to individuals and small employers, such as obtaining prices for coverage, explaining benefits to individuals/employees, and problem-solving for employers.
 - Agents and brokers' services often continue after enrollment. Small employers tend to view brokers as their benefits staff, relying on them for assistance when employees have problems, such as denied claims or service issues.
 - Agents and brokers also serve an important role as advocates for their clients. As licensed professionals, brokers have been educated and tested by their state on how to help consumers address issues that may arise with their coverage.
- **Agents and brokers would face substantial reductions in revenue.**
 - The majority of the 436,000 insurance brokers licensed to sell health and life insurance in the United States work out of local offices or independent agencies.¹
 - Average commissions under the government exchange – the vehicle through which employers and individuals would access the new government plan – would fall to just one percent of premiums (Lewin, 2009).
 - Reduced revenue from health insurance would have a negative impact on communities across the nation as many agents and brokers could no longer afford to provide health insurance services and some may be forced to shutter their doors entirely.
- **Rather than creating a new government bureaucracy, policymakers should build on what works.** The problems in the health care system must be addressed, but we need to do it by building on what works in our current system so we don't make things worse.
- **A government plan is not necessary under health care reform.** Comprehensive health care reform proposals in Congress are likely to guarantee that all Americans can obtain health insurance regardless of pre-existing medical conditions. There is no compelling reason to create a public plan if comprehensive reform plans assure fair access for everyone through a choice of private health insurance plans.

¹ Occupational Outlook Handbook, 2008-09 Edition, Insurance Sales Agents. U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/oco/pdf/ocos118.pdf>.