Washington Health Benefit Exchange

The Role of Agents/Brokers

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Today's Discussion

- The role of Agents/Brokers in the Small Group Market
- ACA’s ruling on Agents/Brokers in the Exchange
- OIC’s role in respect to Agents/Brokers
- Carriers current Small Group compensation models: Per Subscriber Per Month (PSPM) vs. Percent of Premium
- Agent/Brokers concerns
- Questions to be addressed
Roles of Agents/Brokers

- Brokers help their clients obtain and manage health products.
- The majority of small business purchase their health insurance through a broker/agent.
- Brokers are likely to be needed more in the SHOP than the individual market.
- Small Employers are used to having a broker.
- Brokers help the employer with employee issues once the employer has chosen a plan.
Role of Agents/Brokers cont.

- Agent/Brokers assist their clients in insurance choices, and assist businesses in purchasing coverage inside or outside the exchange.

- Agent/Brokers have long time relationships with employers and will be critical to building scale during the Exchange launch.
ACAs Ruling

• 10104(i)(2). The Secretary shall establish procedures under which a State may allow agents or brokers—
1) to enroll individuals and employers in any qualified health plans in the individual or small group market as soon as the plan is offered through an Exchange in the State; and

(2) to assist individuals in applying for premium tax credits and cost-sharing reductions for plans sold through an Exchange.
• However, the ACA does not allow for compensation of Agents/Brokers with Exchange Federal Grant funding.
OIC Role

• The Office of the Insurance Commissioner (OIC) oversees the insurance industry to ensure that insurance companies, agents and brokers follow the rules, and that Washington state consumers get what they pay for.

• OIC does not stipulate the role of Agents/Brokers in the Exchange but will have regulatory oversight of Agents/Brokers
Carriers Compensation Models

- Regence Direct
- Regence 1-2 = $0
- Regence 3-4 = $5 per employee per month (PEPM)
- Regence 5-50 = $30 per employee per month (PEPM)

- Regence Association plans currently pay 5% commission
Compensation Model cont.

- Premera Blue Cross through (Ucentris)
- $1-2 = $0, $3-9 = 2\% \text{ and } $10-50 = 3\%$

- Premera Associations such as AWB and WAHIT, currently pay 5\% of premium commission.

- United Healthcare small business is run through a trust (PEAT) and pays 5\% of premium.

- Group Health COOP pays 5\%
Agent/Broker Concerns

• How will the Exchange impact their relationships with their clients
• Will they lose business
• Will the Exchange embrace and respect their role in the Small Group Market
• Will the Exchange cut them out
• Will the Exchange compensate them, if so how
• How will the Exchange impact cost
Questions to be addressed

• How will the Exchange value Agents/Brokers?
• How will the Exchange compensate Agents/Brokers?
• What will be the funding source to compensation Agents/Brokers?
Questions to be addressed cont.

• What compensation method will the Exchange employ?
  ➢ PSPM vs. Percent of Premium
  ➢ One time fee per group
  ➢ Carriers continue to pay commissions at their current levels