HCR Implementation Committee
Meeting
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Agents can have a role in the Exchange in PA by virtue of the PPACA Law. What role will they play and why?
There is no simple enrollment process.

- Enrollment always involves choice:
  
  1. Choice of HR Manager of Employer
     
     - Employer and/or HR Manager meets with Licensed Agent to narrow down selection of carriers, plans, and pricing for Employees’ Group Health program.

  2. Choice of Individual/Family
     
     - Individual/Family meets with Licensed Agent to narrow down selection of carriers, plans, and pricing for their own specific Individual Health plan needs.
There is no simple enrollment process.

- Whether the choice of an Employer or an Individual, CHOICE always involves negotiation and navigation through the health insurance system due to the different and individualized needs of each client.

- Negotiation must always involve a Licensed Agent due to consultative nature of the questions in order to make the choices and by Act 147 which states that anyone selling, soliciting, or negotiating a contract of insurance will have a Producer’s License.
What is the role of a Licensed Agent during the enrollment process?

- **Step 1** – Discuss & counsel client on the various plans and carriers available. Narrow down choice based on specific needs and budget of client.
- **Step 2** – Agent obtains preliminary price quotes through a General Servicing Agency, Online Quoting Portal, and/or Quoting Tool in order to present to client.
What is the role of a Licensed Agent during the enrollment process?

- **Step 3** – Once the best choice is made, Licensed Agent guides the client through the enrollment process either through a paper application or online application process. This includes gathering all necessary forms specific to carrier requirements.

- **Step 4** – Submit completed application to a General Servicing Agency or directly to the Carrier.
What is the role of a Licensed Agent during the enrollment process?

• **Step 5** – Licensed Agent is a liaison between their client and the carrier either by direct communication with the carrier or through a General Servicing Agency. The Licensed Agent may be asked to gather the following information from the client:

  *Clarify unclear answers on the submitted application, Obtain Medical Records for additional details on illnesses/accidents/injuries, etc, etc.*
What is the role of a Licensed Agent during the enrollment process?

- **Step 6** – Present the carrier’s offer of coverage to the client and notify General Servicing Agency or Carrier of the choice. This offer may include a rate-up due to adverse health history that would require a re-examination of the initial plan choice, *an exclusionary rider, *a declination of one of the family members, *an alternate plan offer from the carrier that may exclude or reduce the Rx benefit, etc, etc.

*Refers to Individual and/or Family plans only.*
Assuming the Employer Group and/or Individual/Family accepts the carrier offer, what is next for the Licensed Agent?

- SERVICE!!!!!!
  - Above all, this is a Service Industry and the service of a Licensed Agent is not just to “sell”. Administrative duties to the Employer Group or Individual/Family is the bulk of the process. Service calls involve up to 70% of the daily administrative duties for Licensed Agents.
  - If agents are not able to perform these duties, who will? The administrative duties will fall upon the carriers which means adding staff instead of utilizing agent assisted support.
What type of service related questions are commonplace?

• **Claims** – not paid by carrier due to coding error by provider, client is not clear on how the claim was paid due to unclear EOB or because client was unclear on plan provisions.

• **General Service** – New ID Cards, Change of Address, Addition/Deletion of Dependent, Termination of Policy, Questions on Coverage, Billing Issues/Questions, H.S.A. Qualified Expense Questions, Provider Network Questions, Rx formulary v. non-formulary questions, Plan Changes, Renewal Increase Inquiries, etc, etc.
Health Insurance Carriers currently use Licensed Agents & General Serving Agencies because it is the most efficient and effective way to deliver their product outreach and the most cost effective way to get it delivered….and delivered right!
Licensed Agents and General Serving Agencies serve as a buffer and filter for the Carriers that help reduce calls on their expensive Administrative System and provide additional functions such as payment of compensation and enrollment support.
Current Commission Structure

• **Individual/Family Plans** = 15%-20% of Premium 1st Year Compensation to Licensed Agent and 3% - 5% to General Servicing Agency. (Commissions reduce to 3% - 5% after First Year)

• **Group Health Plans** = $16 - $36 Per Employee Per Month or 4% - 5.5% of Premium. GA’s would receive $5 - $12 or 1.5% - 2% of premium.
How will Licensed Agents Enhance the Exchange Delivery System?

Licensed Agents are on the Front Line and assist clients in finding the right product fit:

1. **Health Insurance Help Day** – Pro-Bono annual event designed to navigate consumers to the correct product such as CHIP, Guarantee Issue, Adult Basic, Women’s Pregnancy assistance, etc.
2. **CHIP** – Licensed Agents assist with through the CHIP application and/or refer clients to the program based on need. This is done on a Pro-Bono basis.
3. **Guaranteed Issue Programs** – Licensed Agents refer clients to PA’s GI products when medically underwritten options are not available.
4. **PA’s High Risk Pool** – PA is 1 of 2 States that are not paying Licensed Agent compensation. DHHS and PAHU met on 11-4-2010 to discuss increased Licensed Agent assistance in providing public awareness and increase participation in the program. Many states are experiencing less than 10% capacity.
How will Licensed Agents Enhance the Exchange Delivery System?

• Online submission and enrollment do not necessarily increase simplicity.

• Online submission and enrollment will elicit questions. These questions can be answered by utilizing a Licensed Agent and an on-line “chat” session so that the Licensed Agent is performing the sale as required by law.
What are the “Hurdles” of Exchange & PPACA Implementation without Licensed Agents?

• Aiding and influencing clients’ decisions for health insurance is the role and responsibility of a Licensed Agent.

• Navigators will be utilized. However, if they are involved in the sales process by helping the customer make comparisons leading to a sale and accept payment for services or premium payments on behalf of the clients, who will oversee this process to prevent “fraud”? Will unlicensed Navigators fall under the jurisdiction of the PA Department of Insurance?

• With Licensed Agents, the PA Insurance Dept provides oversight, regulation, and redress if there is a consumer complaint about the marketing of insurance.
What are the “Hurdles” of Exchange & PPACA Implementation without Licensed Agents?

• There is no simple enrollment process and without a Licensed Agent in the process:
  - Unintentional Misrepresentation will occur
  - Clients will have coverage that they don’t fully understand.
  - No Advocate to assist except for an already overworked, under-resourced Insurance Department.

• Without Licensed Agents in the Exchange system, there will be no support system for the numerous service issues that are currently being administered by Licensed Agents as part of their commission.

• There are savings derived by including Licensed Agents in the Exchange system just as savings are derived from having Licensed Agents in the current system. New positions would have to be added to the Exchange system in order to absorb these services or they simply will NOT get done!
Agents also provide necessary and sometimes required education on PPACA:

• Licensed Agents to Individual/Family Clients
• Licensed Agents to Employer Groups or their HR Staff
• Licensed Agents to Community Groups.