



SB324 – Consumer Protection in the Marketplace

Presented by Cathy Cooper and
Jeff Thomas
Senate Health Policy Committee
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Who We Are

- MAHU - Michigan Association of Health Underwriters
 - Membership is comprised of both insurance agents and industry/carrier representatives
 - MAHU improves its members' ability to meet the health, financial and retirement security needs of all Americans through education, advocacy, and professional development

Why We Are Here

- Speak in support of SB324
- Explain the duties of a navigator and agents
- Discuss compensation of navigators and agents
- Review oversight and regulation of navigators and agents

ACA Provision

- Every exchange must have a Navigator program to facilitate enrollment
- Navigators are funded through exchange grants
- States may choose to allow consumers the choice to utilize the services of agents beyond the navigator program
- Requires at least two types of entities serve as Navigators in each Exchange---at least one being a community and consumer-focused non-profit

Navigator Duties Required by ACA

- Provide fair and impartial information to consumers about health insurance, the exchange, Qualified Health Plans (QHP's), and insurance affordability programs including premium tax credits, Medicaid and the Children's Health Insurance Program (CHIP)
- Facilitate enrollment in Qualified Health Plans
- Provide referrals to consumer assistance programs and health insurance ombudsman, for enrollees with grievances, complaints, or questions about their health plan or coverage
- Provide information in a manner that is culturally and linguistically appropriate to the needs of the population being served by the Exchange

Who Can be a Navigator?

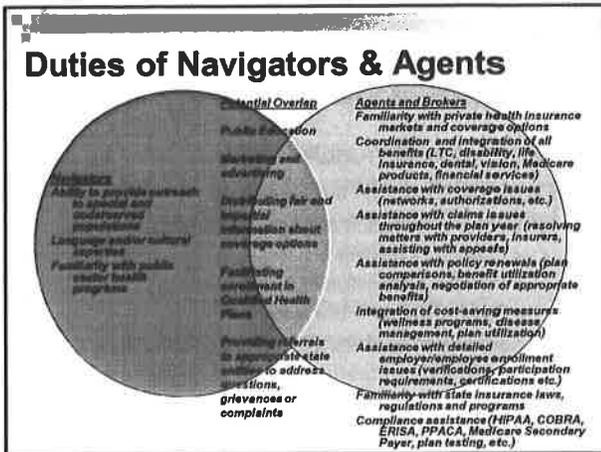
- Community and consumer-focused non-profit
- Trade, industry and professional associations
- Commercial fishing industry organizations
- Farming and ranching organizations
- Chambers of commerce
- Unions
- Resource partners of Small Business Administration
- Licensed insurance agents or brokers
- Indian Tribes, tribal organizations, and urban Indian Organizations
- State and local human services agencies
- Other public or private entities

What About Agents?

- CMS believes agents will play a critical role in helping employers and employees enroll in coverage through the Small Business Health Options Program (SHOP)
- Agents will be able to assist consumers in two ways:
 - An issuer based pathway – agent uses an issuers website to assist the consumer
 - A Marketplace pathway – agent uses Marketplace website to assist consumer
- Both ways will allow agents to assist consumers upon initial enrollment and ongoing changes (i.e. adding a dependent)

Insurance Producers aka Agents

- Michigan Insurance Code defines an agent as an Insurance producer
 - "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance
 - "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company
 - "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company
 - "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that that person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.



Financing Navigators

- The ACA finances navigator programs through grants
 - \$54,000,000 available nationally
 - \$1,909,960 earmarked for Michigan to reach/educate the estimated 1,145,495 uninsured
- A navigator may not receive any direct or indirect compensation from a health insurance issuer
 - This is how agents are compensated today

Navigator Funding Opportunity

- Currently open until June 7, 2013
- Each applicant is eligible for only one, non-renewable, one-year cooperative agreement award
- Estimated award date is August 15, 2013
- Application requires cover sheet, standard forms, cover letter, project abstract, project narrative (15 page max), work plan and timeline (3 page max), and budget including budget narrative (3 page max)

Navigator Funding Opportunity

- Applicants must be capable of carrying out, at a minimum, certain required duties including expertise in eligibility, enrollment, program specifications; conducting public education activities to raise awareness of exchanges, and all other services as required by a navigator
- Applicants must agree to all post-funding reporting requirements

Agent Compensation

- Agents are paid commissions by the carrier
 - Percentage of premium or flat dollar per contract, per month
- Price of individual or small group coverage does not change if using an agent
- Agents are paid monthly to handle ongoing service issues for their clients

Regulation of Navigators

Recent proposed regulations:

- conflict of interest standards
- training and certification requirements
 - 30 hours of training
 - annual recertification
 - Training available late summer
- Allow states to determine oversight as long as navigators can carry out ACA requirements

Regulation of Agents

- Agents have been regulated by state insurance departments for 100+ years and are legally accountable for their actions
- National Insurance Producers Registry (NIPR) is the national database and means of tracking producer activity in all states and territories
- To be in business agents/brokers must:
 - Comply with state licensing requirements (fees, background check, etc)
 - Pass licensing exam
 - Comply with CE requirements
 - Demonstrate financial responsibility
 - Maintain professional liability insurance
 - Maintain appointment standards with licensed insurers

Agent Requirements

- Agents must register with CMS to assist individuals with the Individual marketplace
- CMS encourages agents working exclusively in SHOP's to register and complete training – does not appear to be required
- Registration process involves:
 - Identification process through simple online questions
 - Completion of a Marketplace-specific online training course
 - Agreement to comply with all federal and state laws, rules, standards and policies

Agent Requirements, cont.

- Once an agent completes requirements, he/she receives an active Federally-facilitated Marketplace user ID
- Agent uses user ID and his/her national producer number on all applications to ensure receipt of compensation from an insurer
- Insurers will be collecting a copy of agent certificates and ID numbers
- Carriers can pay commissions but the amount must be the same for similar plans inside and outside of the marketplace
- If enrolling through the Marketplace, a consumer will need to enter the agents user ID and NPN
- Training expected to be available in August, 2013

Lack of Oversight Concerns with Navigators

- Protection of access to highly sensitive information
 - Financial, PHI, etc
- Fraud prevention
- Protection against mistakes that could have severe financial consequences for consumers
- Liability and accountability standards

SB324

- Sets oversight standards for navigators
- Gives DFIS the ability to revoke a navigator license for any violation of duties
- Defines separate and distinct responsibilities of both navigators and agents
- Protects Michigan consumers to the extent possible against marketplace misconduct

Thank you for your time!

Questions

