



June 5, 2019

Chairman Lamar Alexander  
Committee on Health, Education, Labor and Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

Ranking Member Patty Murray  
Committee on Health, Education, Labor and Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

The Agent Alliance, representing America's premier agent and broker trade associations whose members serve consumers and businesses with a canopy of insurance options, is writing in response to the Lower Health Care Costs Act discussion draft released by the Senate HELP Committee. We are writing specifically in response to Sec. 308, "Disclosure of direct and indirect compensation for brokers and consultants to employer-sponsored health plans and enrollees in plans on the individual market."

The Alliance supports transparency in the health insurance market and applauds the committee for compiling a package that seeks to do so by combatting surprise billing, lowering the cost of prescription drugs, improving access to patient health information, and emphasizing the need for patient-centered healthcare.

Our concern with Sec. 308 is that the requirements for disclosure of compensation for agents and brokers already exist across the states. State regulation of insurance provides for oversight of agents and brokers, including licensure laws that require a disclosure of compensation to the client, as well as laws that further specify the details of those disclosures. These requirements have been adopted encompassing the National Association of Insurance Commissioners' Producer Licensing Act.

Further, under ERISA, insurance carriers providing plans for groups over 100 must provide information about agent compensation in what is called a "Form 5500." Any additional federal requirements for agent-compensation disclosure would be duplicative and burdensome on agents and employers. Individuals and employers alike benefit from working with agents and brokers to find the best plan design for their needs at the lowest premium for their budget. Layering additional disclosure requirements on what is already a very detailed and regulated process will limit the ability for agents to serve their consumers and continue their work in driving down health insurance costs.

The disclosure process outlined in Sec. 308 is also not compatible with the way agents and brokers earn compensation. Often agents are not aware of the level of compensation they may earn at the point of enrollment; it is only at the end of the plan year that an accurate assessment can be provided. This further proves the point that agents and brokers are working in the best interest of their clients to find the best plan at the lowest price since agents are not always privy to the final compensation package that they may be receiving at the point of sale. Brokers also work on a “broker of record” (BOR) system where a client selects the broker to work on their behalf. The BOR system is very competitive and if a broker fails to find the best plan at the lowest price, the client is easily able to sign a BOR with another broker who will. The incentive here is to act in the best interest of the client, not the interest of the broker compensation.

In the small-group market, compensation for brokers is virtually standardized, with plans paying commissions that vary very little. In this market, the commissions are also “baked in” to the premiums so consumers are paying the same for a plan regardless of whether they are working with a broker. However, consumers who work with brokers statistically pay less in premiums because they are being assisted by a licensed professional who is trained in matching the consumer with the best plan for their health and budget needs.

We support the current state and federal disclosure requirements that are in place, and caution that additional requirements could be a financial burden on insurance carriers and employers as well as agents and brokers. The compliance tools needed to fulfill further disclosure requirements could only lead to rising health costs and a decrease in consumer access to agents and brokers, who are the professionals consumers need most when faced with trying to select the best plan at the lowest cost.

We look forward to working with the committee to further the goals of transparency for consumers in the health insurance market, and welcome the opportunity to discuss the best way to promote transparency for agent and broker compensation without sacrificing the service they provide to identify the lowest healthcare options for consumers in all health insurance markets. If you have any questions about our comments or need more information, please contact Janet Trautwein, executive vice president and CEO of the National Association of Health Underwriters, at either (202) 595-0787 or [jtrautwein@nahu.org](mailto:jtrautwein@nahu.org).

Regards,  
National Association of Health Underwriters  
Independent Insurance Agents & Brokers of America  
National Association of Insurance and Financial Advisors  
National Association of Professional Insurance Agents