



Statement for the Senate Committee on Finance

Hearing: Lower Health Care Costs for Americans:
Understanding the Benefits of the Inflation
Reduction Act

September 17, 2024

Submitted by **National Association of Benefits and
Insurance Professionals**



Dear Chairman Wyden, Ranking Member Crapo, and members of the Senate Committee on Finance:

The National Association of Benefits and Insurance Professionals (NABIP), formerly NAHU, is a professional association representing licensed health insurance agents, brokers, general agents, consultants and employee benefits specialists. NABIP members help millions of individuals and employers of all sizes purchase, administer and utilize health plans of all types.

During the 2024 open enrollment period, agents and brokers assisted over 78 percent of the nearly 22 million Americans who enrolled through HealthCare.gov or a private direct enrollment partner's website.¹ 88 percent of all employers use a broker or consultant to assist in choosing a health plan for their employees,² with nearly the same percentage finding brokers helpful in this process. There is an expected rise in marketplace enrollments this year, with 4.2 million self-employed and small business owners seeking coverage.³

As consumer advocates, we are keenly aware of the impact that policies have on the people we serve. With the annual enrollment period (AEP) for marketplace enrollments (November 1 through January 16) and the open enrollment period (OEP) for Medicare approaching (October 15 through December 7), the relevance of this discussion cannot be overstated. It is imperative that we gather stakeholders across the healthcare system to ensure that any policy reforms truly address the needs of consumers and enhance access to quality care.

This letter builds upon the discussion held during the Senate Finance Committee hearing titled: "**Lower Health Care Costs for Americans: Understanding the Benefits of the Inflation Reduction Act.**" This letter will be structured into two sections: Inflation Reduction Act (IRA) impacts to **1) Medicare Part D Prescription Drug Plans (PDPs)**, and **2) Affordable Care Act's Premium Tax Credits (PTCs)**.

Medicare Part D Prescription Drug Plans (PDPs)

We support the spirit of the reforms under the IRA aimed at lowering prescription drug costs for Medicare beneficiaries, ensuring that they have access to the medications they need without facing crippling out-of-pocket expenses. By addressing the high costs associated with prescription drugs, the IRA sought to alleviate financial burdens, improve access to essential therapies, and ultimately enhance the overall health and well-being of seniors.⁴ These reforms align with our mission to advocate for consumer-friendly policies that prioritize affordability and access to quality healthcare.

¹ Center for Consumer Information and Insurance Oversight. NABIP Capitol Conference Presentation. February 2024.

² Kaiser Family Foundation. [Employee Health Benefits Annual Survey](#). October 2017.

³ Department of the Treasury. [Affordable Care Act Marketplace Coverage for the Self-Employed and Small Business Owners](#). September 2024.

⁴ U.S. Department of Health and Human Services. [Prescription Drug Coverage](#). September 2024.

We support the provisions that ensure greater access to vaccines for Medicare beneficiaries by the removal of cost-sharing policies for vaccines. We also celebrate the significant reductions in out-of-pocket costs for insulin and arthritis medications, which are heavily used by seniors. Finally, the removal of the “doughnut hole” meant that Medicare beneficiaries will no longer face a gap in coverage where they previously had to pay 100% of their drug costs after reaching a certain spending limit.

Due to our close, advisory relationship with Medicare beneficiaries, we also want to highlight a few key unintended consequences of the law.

First, we have concerns about the upcoming expected challenges for OEP, which begins October 15th. Limited access to plans, narrowed formularies, and potential increases in premiums have already created significant confusion for seniors trying to navigate their options. These challenges have been introduced because of carriers seeking to offset increased costs of IRA policies, including the \$2,000 out-of-pocket maximum. As one of our members confirmed, ***“We have been spending countless hours educating beneficiaries and making them aware of and comfortable with the changes that will be occurring.”***

Medicare beneficiaries only have seven weeks to understand these significant changes and make the best decision for themselves. One of our member’s clients echoed this sentiment, stating, ***“It has become impossible for me to navigate the Medicare program without professional assistance. If it hadn’t been for our agent, I would have been lost in the whole process of enrolling in the right plan.”*** However, recent regulations have impacted agents’ abilities to serve their clients, further limiting beneficiaries’ access to necessary guidance.

Seniors have experienced a reduction in the availability of Medicare prescription drug plans, alongside a double-digit annual increase in average monthly premium rates.⁵ For example, when evaluating plans for our clients, we are seeing plans shifting from premiums as low as \$5.30 to over \$40.30 per month, with uncertainty about drug coverage on formularies, which may exclude essential medications. To address concerns about formularies, we urge the Committee to propose legislation that **prohibits mid-year plan formulary changes or allow for a Special Enrollment Period (SEP) for beneficiaries needing to switch to plans that cover their necessary medications at a lower cost.**

Affordable Care Act’s Premium Tax Credits (PTCs)

NABIP strongly supports the continued commitment to safeguarding PTCs and consumers’ access to affordable, quality health insurance. We support the renewal of the PTCs in 2025 to avoid 10 million Americans losing their healthcare coverage. As one member’s client attested, ***“As a small business owner, I hadn’t been able to afford health insurance for a few years. However, my agent reviewed the various options within the ACA marketplace, and we found options that were within my budget.”***

⁵ Kaiser Family Foundation. [Medicare Part D in 2024](#). November 2023.



At the same time, we are open to discussions regarding how tax credits are calculated to ensure consumers receive the right subsidy in terms of dollar amount, rather than more than or less than what they should qualify for.

The current system in place has individuals apply for advanced PTCs on the marketplace exchange based on their statements at the time of application. Among these statements, an individual must attest that they do not have an affordable offer of coverage from their employer. Employers provide annual reports on each individual's offer of coverage months after the calendar year ends. The IRS often cross-references the individual's statements with the employer's reports several years after the APTCs are issued.

It is crucial that any PTC calculation method better ensures that individuals receive the correct subsidies. Many consumers lack awareness of their future income details and may not work with a CPA to accurately determine their Adjusted Gross Income (AGI). They most likely do not update their information on Healthcare.gov when they receive bonuses, commissions, or experience other income changes. This situation often leads to either overpayment of subsidies, resulting in unexpected tax liabilities, or an underpayment, as consumers with variable income calculate conservatively to avoid owing money at the end of the year.

To mitigate these issues, we recommend adopting a reporting model for subsidy calculations that is based on prior-year income. Using prior-year income and existing IRS tax data would simplify subsidy eligibility verification. This approach would also not only reduce fraud but also protect consumers from having to repay excess subsidies due to income fluctuations or miscalculations. This system would also bring greater transparency to federal budgeting. We suggest, with the change of income calculations, a move from an IRS-governed PTC to a subsidy paid directly to insurers that is governed by the Department of Health and Human Services (HHS). Transitioning the funding mechanism and oversight to HHS would ensure more accurate reporting and clearer accountability of federal spending as compared to the current IRS-managed PTC system. This streamlined approach would also make it easier for individuals to navigate different programs, like Medicare and Medicaid, by aligning income reporting requirements across the board, ensuring a more consistent experience.

While the premium tax credits are an important tool to minimizing the rate of uninsured Americans, it is important that we continue to address root causes of healthcare and prescription costs. **We support legislation that addresses price transparency across the system**, particularly as it relates to consumers and employers, who are currently unable to see into their own health claims data, as addressed in the introduced **Health Care PRICE Transparency Act 2.0 (S. 3548)**. Additionally, the House has already passed the **Lower Costs, More Transparency (LCMT) Act (H.R. 5378)** to further address high care costs via variable pricing for identical healthcare services - a bill we also support.

We appreciate the opportunity to provide these comments and would be pleased to respond to any additional questions or concerns of the Committee. NABIP members look to be more directly involved in legislative and rulemaking processes when it impacts Medicare beneficiaries and consumers in the marketplace. As one of our members highlighted, ***"We are the ones that are sitting across from the client. We know their challenges and we have their best interest at heart."***



Medicare beneficiaries and marketplace consumers confirm the importance of agents and brokers in ensuring they are enrolled in the right plans that maintain their access to providers and treatments, while at a cost that they can afford: ***“Every year, our agent has saved us time and money and given us much personal relief at not having to figure this out on our own.”***

If you have any questions about our comments or if NABIP can be of assistance as you move forward, please do not hesitate to contact me at mandel@nabip.org.

Sincerely,

Michael Andel
Vice President of Government Affairs
National Association of Benefits and Insurance Professionals