



Health Care

The Big "I" urges Congress to:

- *Protect the employer-sponsored health insurance system and support/co-sponsor S. 58 and H.R. 173, the "Middle Class Health Benefits Tax Repeal Act" which would repeal the "Cadillac tax."*
- *Support/co-sponsor S. 2303 and H.R. 4575 the "Access to Independent Health Insurance Advisors Act" which would remove agent compensation as a "non-claims cost" under the medical loss ratio (MLR) regulations.*

Employer-sponsored insurance is the most common way Americans receive health insurance. In addition to stabilizing state insurance markets, it is imperative that Congress work to protect the more than 177 million Americans that receive health insurance through an employer. Some have proposed taxes that would increase the cost of employer-sponsored health insurance, without a corresponding increase in coverage or quality. Additionally, some Affordable Care Act (ACA) regulations are limiting consumer access to health insurance.

The Big "I" supports protecting the employer-sponsored health insurance system and S. 58/H.R. 173, which would repeal the "Cadillac Tax."

The ACA included a 40% excise tax, the so-called "Cadillac tax", on employer-sponsored health insurance plans exceeding certain costs. While the ACA's "Cadillac tax" may imply the tax applies to a few individuals with luxury health coverage, the truth is it extends much farther. In fact, according to a 2014 Towers Watson survey, 82% of employers expected their plans would be affected by the tax within the first five years of implementation. The 40% tax applies not only to the employer's share of the insurance premium but also to the employee's share. Furthermore, the tax applies to several benefits that help control costs including on-site medical clinics, certain wellness and employee assistance plans, health savings account contributions, health reimbursement arrangements, flexible spending accounts, and other pre-tax health benefits. Congress recently delayed implementation of the tax a second time until 2022. The delay is a good step, but the Big "I" continues to work with a diverse group of public and private sector employers, trade associations, unions and other stakeholders as part of "The Alliance to Fight the 40" to seek full repeal.

The Big "I" believes the ultimate impact of this tax will be a reduction in benefits and/or higher deductibles for employees across the country as employers are forced to find ways to avoid being hit with the tax. As a result, the Big "I" supports S. 58/H.R. 173, the "Middle Class Health Benefits Tax Repeal Act," by Sens. Dean Heller (R-NV) and Martin Heinrich (D-NM) and Reps. Mike Kelly (R-PA), and Joe Courtney (D-CT) to fully repeal the "Cadillac tax."

The Big "I" supports S. 2303/H.R. 4575, which would remove agent compensation as a "non-claims cost" under the MLR regulations.

The MLR requirements for insurance carriers mandate that at least 80% (individual and small group) or 85% (large group) of premiums collected be spent on claims payments and "health care quality improvement." These restrictions mean no more than 20% or 15% may go toward "non-claims costs." The ACA did not statutorily address how to classify agent compensation under the MLR. However, agent commissions were included in the "non-claims costs" category under implementing regulations even though agent compensation does not go toward insurers' bottom lines.

Since going into effect, the MLR regulations have had a detrimental impact on agents and their clients. Several insurance companies have reduced or eliminated agent compensation on individual health insurance policies. This, in turn, has reduced consumer access to agents and brokers, negatively impacting the essential services they provide such as guidance in claims processing and tailoring plans to fit specific needs. As such, the Big "I" supports S. 2303/H.R. 4575 the "Access to Independent Health Insurance Advisors Act" by Sens. Johnny Isakson (R-GA) and Chris Coons (D-DE), and Reps. Billy Long (R-MO) and Kurt Schrader (D-OR) to remove agent compensation as a "non-claims cost" under the MLR rules.