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## **Rogers, Barrow Introduce Bipartisan Bill to Preserve Jobs, Access to Insurance**

**March 17, 2011** – U.S. Rep. Mike Rogers, R-MI, and U.S. Rep. John Barrow, D-GA, have introduced a bipartisan bill that would amend the new health care law to preserve jobs and consumer access to licensed insurance agents and brokers.

"The nation's 500,000 insurance agents and brokers help consumers find the right health care, advocate on their behalf, identify cost-savings opportunities and inform them of new products and changes in the industry," said Rogers, a senior member of the House Energy and Commerce Committee Subcommittee on Health. "A mandate in the new health care law severely restricts their ability to perform such services, meaning small businesses are losing jobs or shutting down completely and consumers are finding it harder to access their services."

The Medical Loss Ratio (MLR) regulation in the new law mandates how much insurers must spend on medical claims as opposed to administrative expenses. The new health law mandates that insurers must now spend up to 80 percent of revenue exclusively on medical claims.

The complication is how the Department of Health and Human Services (HHS) defines "administrative expenses." Insurance agents and brokers are paid exclusively by commission, which as a convenience to consumers is included in the insurance premium, a "pass through" from insurers to agents and brokers. However, HHS classified commissions as an "administration expense" in the new health law.

Insurance agents' and brokers' commissions are never part of an insurer's actual revenue, and should never be counted as an insurer administrative expense, as confirmed by the National Association of Insurance Commissioners, the non-partisan experts on state insurance markets.

The result has been insurers dramatically cutting commissions to agents and brokers, in some places up to 50 percent, resulting in jobs being cut, insurance agents and brokers are beginning to disappear and small businesses and consumers are experiencing more difficulty in accessing affordable insurance.

"Insurance agents and brokers serve as the voice of health insurance for millions of families and small businesses in rural communities," said Congressman Barrow. "These folks can help explain to consumers the many changes taking place in the healthcare world over the next few years, and so it's important that our insurance agents are not hampered by provisions in the new healthcare law. This is another critical improvement that needs to be made to the healthcare law, and I'm hopeful that my colleagues on both sides of the aisle will work with Mike and me to see that this important improvement is implemented."