



Healthcare 101: Health Underwriters, Agents & Brokers

Facts about the State Association of Health Underwriters:

- Over 400 health insurance agents and brokers are represented by our Association
- We represent the majority of businesses in Oklahoma in obtaining health insurance
- We cover a wide range of services including individual, small, medium and large groups, and Medicare eligible individuals
- We provide a wide range of products including health insurance, supplemental products, Medicare programs and Work Comp products

The Oklahoma State Association of Health Underwriters (OSAHU)

The Oklahoma State Association of Health Underwriters (OSAHU) represents 400+ professional health insurance agents and brokers who provide insurance for countless citizens across the state of Oklahoma. This all voluntary organization is dedicated to helping employers and organizations obtain quality, affordable healthcare coverage. The role of the health insurance broker is unique in the industry and includes the following activities:

- Benefit plan design consulting
- Financing of healthcare coverage
- Servicing healthcare consumers
- Professional knowledge and understanding of health insurance legal issues and regulatory requirements
- Coordinate as liaison between insurance carriers (health plan administrators), employer and the consumer

Our national affiliation, NAHU, and their 20,000+ members provide insurance for millions of Americans. NAHU's mission is to improve its members' ability to meet the health, financial and retirement security needs of all Americans through education, advocacy and professional development. Here in Oklahoma, OSAHU's goals and mission mirror that of our national association.

Value of the Agent

The commission or other compensation earned by the insurance agent not only compensates the agent for the sale

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of a product but, in addition, professional agents perform these other basic services for the health consumer:

- Agents work with clients to evaluate their need for health insurance protection. This may involve substantial research and fact finding about the client's needs. This is an on-going process since needs continuously change as a person's family and employment situations change.
- Agents educate by explaining the various health plans available and provide appropriate cost indexes.
- Agents make specific recommendations that suit the client's objectives and budget. Often a health insurance plan is designed by the agent to fit a client's special needs.
- Agents encourage the client to act in a timely fashion to assure that the proper coverages are in place when they are needed. They also see to it that accurate and complete information is provided to the insurer to make sure that the client gets the very best premium available.
- Agents review coverage on a periodic basis suggesting changes when appropriate and counseling clients on ways to reduce cost. Often they must assist their clients in reviewing the need for legal and tax compliance, recommending other professional assistance when necessary.

Agents assist with claims, answer questions and serve as ombudsmen in helping their clients deal with insurance companies. Agents often spend an enormous

Health Insurance Agents -- Trained Professionals

All agents are licensed and regulated by their state insurance department. Prospective agents receive extensive training about insurance and applicable insurance law prior to taking a written exam leading to licensing. In addition, a majority of states now require continuing education in order for an agent to maintain his or her license.

Many agents who have made health insurance a career have taken a sequence of college-level courses leading to a professional designation, such as the Registered Health Underwriter (RHU), Registered Employee Benefit Consultant (REBC), Health Insurance Associate (HIA), Certification in Long-Term Care (CLTC) or Certified Employee Benefits Specialist (CEBS).

Other insurance designations earned by agents, such as the Chartered Life Underwriter (CLU) and Life Underwriter Training Council Fellow (LUTCF), also include health insurance as part of their curriculum.

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About NAHU

- The National Association of Health Underwriters represents over 20,000 health insurance agents, brokers and employee benefit specialists nationally.
- Our members sell health insurance and employee benefit products. Annually we assist millions of Americans with their insurance needs.
- Our members help both individuals and also employers purchase health insurance products.
- Our employer clients range from fortune 500 companies to sole proprietors.

Role of Health Insurance Agents, Brokers and Consultants

In addition to selling the insurance products our members help their clients, with all sorts of employee benefit issues, including assistance with claims processing, COBRA administration, privacy issues, and more. Most of our members are independent health insurance agents, brokers or consultants, and many are small-business owners themselves. Our members have a distinctive knowledge of the health insurance marketplace, including an understanding of what consumers want, the underwriting process, the perspective of the business owner and the economic realities of health insurance markets.

Individual Health Insurance

Approximately 14 million nonelderly Americans obtain health insurance coverage through individual plans. A number of Americans find Individual plans as their best option or their only option for health coverage.

- Individual medical policies may be designed for long-term coverage or short-term period
- States separately regulate how individual policies may be marketed and sold
- Cost is often the primary factor for individual health insurance consumers

States have developed ways to provide uninsurable people with access to individual health insurance. 33 States have High-risk pools, 12 States-Designated carrier or require issue regardless of health status and 5 States have no options for providing coverage to individuals with serious health conditions.

How Individual Premiums and Renewal Premiums Are Determined

Some States will assign a rate class by the company and put into a pool of other insured individuals with similar health status. The annual renewal premium rates will be determined not by your individual claims, but instead by the claims experience of the entire rating class pool.

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Some States will use a Block renewal in which the claims experience of the product selected versus your individual claims.

Regulatory Impact

Varying regulatory climates can have a profound impact on insurance affordability. Consider the

Lowest and Highest Rates for Insurance in neighboring Philadelphia suburbs:

September 2007 - PPO Indemnity Plans with a \$1000 Deductible and 80/20% Coinsurance

Premium Range:	\$599 - \$6,009	\$70 - \$260
City:	Haddonfield, NJ	Wayne, PA
Zip Code:	08033	19087

differences in individual rates for two 30-year-old males living in a Philadelphia suburb located across the bridge from each other – in different states.

The following example illustrates the impact on the cost of health insurance due to different states' policy for how health insurance is determined:

Small Group Health Insurance

Small groups are 2-50 employees. They are guaranteed issue with a guaranteed offer of all plans. They have guaranteed renewability and portability for employees.

Large Group Health Insurance Comparison

Fully Insured Group Plans	Self Funded Group Plans
Traditional Insurance Carriers, National and Regional	Prior to 1974 regulation of self-funded plans were state controlled
Customized plan design, multiple plans, networks and or carriers	ERISA placed regulation with federal government

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Managed Care and Plan Design: HMO, PPO, EPO, Indemnity and Consumer Driven Health Plans	Self-funded plans under ERISA avoid state regulations including insurance regulation
Insured Funding Arrangements: Traditional Insurance, Experience Rated, Minimum Premium	Employer elects custom benefit design
State Insurance Regulation subject to mandates	Employer funds medical claim account
New and Renewal Rate Calculation: Under 300 ~ Blend of Manual, Demographic and Experience Pricing Over 300 ~ Actual Claims experience	Employer hires a Third Party Administrator
	Employer purchases stop loss liability insurance protection for abnormal risks

Stop Loss Protection

Specific Stop Loss protects against a single catastrophic claim

- All eligible claims below the individual stop loss level are the responsibility of the employer
- All eligible claims in excess of the individual stop loss level are reimbursed by the carrier

Aggregate Stop Loss

- Protects the group as a whole
- Total Claims under aggregate stop level are employer liability

Claims exceeding aggregate stop loss level are reimbursed by carrier

Large Group Agent Function

- Strategic Benefit Planning
- Market Review
- Financial Modeling
- Risk Tolerance Analysis
- Health Claims Analysis
- Administrator Audits
- Network Disruption Analysis
- Plan Document & Contract Review
- Premium Contribution Strategies

Contact Information

Oklahoma State Association of Health Underwriters

Jim Dempster,
OSAHU Media Chair
405-319-8454
jdempster@medencentive.com

Glen Mulready,
OSAHU Legislative Chair
918-591-2820
glen@bpstrategies.biz

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