



Statement for the House Health, Employment, Labor, and Pensions Subcommittee

February 17, 2022

Exploring Pathways to Affordable, Universal Health Coverage

Submitted by
National Association of Health Underwriters



I am writing on behalf of the National Association of Health Underwriters (NAHU), a professional association representing over 100,000 licensed health insurance agents, brokers, general agents, consultants, and employee benefits specialists. The members of NAHU work daily to help millions of individuals and employers of all sizes purchase, administer, and utilize health plans of all types.

The health insurance agents and brokers that NAHU represents are a vital piece of the health insurance market and play an instrumental role in assisting employers and individual consumers with choosing the health plan or plans that is best for them. Eighty-two percent of all firms use a broker or consultant to assist in choosing a health plan for their employees¹ and eighty-four percent of people shopping for individual exchange plans found brokers helpful -- the highest rating for any group assisting consumers.² Additionally, premiums are 13 percent lower in counties with the greatest concentration of brokers.³ Consequently, the NAHU membership has a vested interest in ensuring that consumers enjoy affordable health coverage that is the correct fit for their clients.

Approximately 156 million Americans, nearly half of the country's total population, are enrolled in health insurance coverage from their employer. Recent surveys indicate that most adults are satisfied with their current health coverage, with those enrolled in employer plans the most satisfied.⁴ For those who qualify for Medicare, 96 percent of Medicare Advantage beneficiaries are satisfied with their quality of care, as are 95 percent of those covered by traditional Medicare.⁵ This means that employer-sponsored insurance and Medicare are some of the most popular forms of health coverage in the United States.

Because many people have a positive opinion of Medicare, the word "Medicare" has frequently been used by those who advocate for a greater role for the government in health care delivery, such as a single-payer system. Since beneficiary satisfaction rates for Medicare and Medicare Advantage are generally high, using the word "Medicare" or using Medicare as a starting off place for changes often draws the attention even of those who otherwise would say they aren't interested in a single-payer health care system. However, public polling indicates that most Americans do not support such a shift in our system. While most Americans believe the federal government can do more to help provide health insurance and believe in the idea of universal health coverage, once they learn more about how a single-payer system would work, support for such an idea drops dramatically. For example, 60 percent of consumers oppose any major shift that would threaten the current Medicare program.⁶ Because of this and the high level of satisfaction in

¹ Kaiser Family Foundation. [Employee Health Benefits Annual Survey](#). October 2013.

² Blavin, Fredric, et al. [Obtaining Information on Marketplace Health Plans: Websites Dominate but Key Groups Also Use Other Sources](#). Urban Institute. June 2014.

³ Karaca-Mandic, Pinar, et al. [The Role of Agents and Brokers in the Market for Health Insurance](#). National Bureau of Economic Research. August 2013.

⁴ Collins, Sara. [What Do Americans Think About Their Health Coverage Ahead of the 2020 Election? Findings from the Commonwealth Fund Health Insurance in America Survey, March–June 2019](#). Commonwealth Fund. Sept. 2019.

⁵ Jacobson, Gretchen, et al. [Medicare Advantage vs. Traditional Medicare: How Do Beneficiaries' Characteristics and Experiences Differ? Commonwealth Fund](#). 14 October 2021.

⁶ Kaiser Family Foundation. [Public Opinion on Single-Payer, National Health Plans, and Expanding Access to Medicare Coverage](#). 16 October 2020.



both the current Medicare program and in employer sponsored coverage, care should be taken to ensure that any future proposals aimed at increasing Americans' access to affordable health coverage not jeopardize the employer-sponsored market or the Medicare program as they are currently structured.

Some proposals envision new government programs such as a public option competing with private coverage in order to increase market competition. Unfortunately, these proposals may do just the opposite. In order for market competition to work in any market, the market rules must be the same for all market participants. When the government offers a product that competes with private coverage, it plays by a different set of rules, because it can mandate the level of healthcare provider payments. This creates an unlevel playing field in the insurance market where it is offered, since private plans must negotiate the best rates they can but are unable to force providers to accept lower rates. Medicare sets reimbursement rates lower than private payers and the costs are shifted to the private market; since Medicare pays providers an average of 80 percent of the cost of care delivered,⁷ and some rate differentials are even higher. Providers routinely make up for this shortfall by charging private plans more.⁸ Since medical expenses are the biggest part of any premium dollar by law, this means that the competing plan offered by the government will be priced artificially lower than private coverage. Eventually these government plans would push private coverage out of existence.

Some provisions to extend federal healthcare programing, including lowering the eligibility age for Medicare, would create a comparable imbalance in the current individual market because of this unequal pricing ability. It creates a similar problem in the employer market because, under current proposals, employees in employer-sponsored plans would be able to opt out of employer coverage in favor of buying into Medicare. Additionally, in the employer market, this opt-out ability would create adverse selection in the employer market as those opting out of employer coverage in favor of Medicare would likely be most attractive to employees who were younger and healthier since Medicare benefits are less generous than those found in most employer sponsored plans. This would leave those remaining in the employer coverage likely to be older and sicker, potentially damaging the viability of the pool of covered individuals in the employer plan.

On top of the unlevel playing field it would create, lowering Medicare's eligibility age would not significantly increase the number of people with insurance. Almost two-thirds of the more than 20 million people between the ages of 60 and 64 already have private health coverage, with 25 percent obtaining public coverage through Medicaid or other government programs. And 11 percent purchase plans on the individual market, including through the ACA's exchanges. Less than 10 percent of people in this age group are uninsured. In other words, expanding Medicare would simply replace the soon-to-be seniors' existing coverage, which is typically private, with publicly funded coverage.

Additionally, Medicare scarcely has enough money to cover the costs of its current beneficiaries. According to the latest report from its trustees, Medicare's hospital insurance trust fund will be exhausted by 2026.⁹ At that point, the program will not be taking in enough in tax revenue to pay claims. The federal government may have to unilaterally cut rates to

⁷ Centers for Medicare and Medicaid Services. [How to Use the Searchable Medicare Physician Fee Schedule \(MPFS\)](#). March 2021.

⁸ Milliman. [Why hospital cost shifting is no longer a viable strategy](#). June 2010.

⁹ Stewart, Jackie. [Medicare Part A Funds to Run Out in 2026](#). *Kiplinger*. 31 August 2021.



providers, which would undermine patients' ability to access care. With insolvency looming for Medicare, expanding the program is not prudent nor fiscally appropriate.

While lowering Medicare eligibility and creating a single-payer system or public option would undoubtedly threaten the Medicare program and private markets, there are other proposals that also threaten the system as is. One of the most important structures in the health insurance market is the barrier between employer-sponsored health coverage and the individual market, commonly referred to as "the firewall." The firewall prevents employees who have an offer of affordable minimum value job-based coverage from receiving premium tax credits in the marketplace; this is one ACA provision that has been most useful in limiting disruption to individuals already enrolled in employer-sponsored coverage. Any proposal that seeks to eliminate or significantly weaken this firewall threatens the viability of the employer-sponsored market and could result in crowding out. High levels of crowd-out could encourage employers to drop coverage, causing many of those who previously had access to employer plans to search for a new plan or go uninsured.

ACA premium tax credits are helpful for consumers who receive individual market coverage from the ACA Marketplace. Due to the passage of the American Rescue Plan Act in 2021, premium tax credits were extended to those with incomes above 400 percent of the federal poverty level, reducing premium contributions significantly for those who purchase coverage on the individual market. This change to premium tax credit policy resulted in a record-breaking 14.5 million Americans receiving health coverage through one of the ACA marketplaces during the 2022 open enrollment period. NAHU supports expanding and building upon the ACA in this fashion, as opposed to any sweeping changes to the Medicare program that could jeopardize the entire system. However, these expanded subsidies are only effective when there is a clear line between the individual market and employer-sponsored market. For these reasons, any future proposals impacting health insurance must maintain the ACA's firewall.

We appreciate the opportunity to provide these comments and would be pleased to respond to any additional questions or concerns of the committee. If you have any questions about our comments or if NAHU can be of assistance as you move forward, please do not hesitate to contact me at either (202) 595-0639 or jtrautwein@nahu.org.

Sincerely,

A handwritten signature in black ink, which appears to read "Janet Trautwein". The signature is written in a cursive style.

Janet Stokes Trautwein
CEO, National Association of Health Underwriters