

MLR Battle Heats Up

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Published 3/15/2011

WASHINGTON BUREAU -- Sen. Jay Rockefeller is attacking efforts by the National Association of Health Underwriters (NAHU) and Florida Insurance Commissioner Kevin McCarty to get agent commissions out of medical loss ratio (MLR) calculations.

Excluding producer commissions from the MLR formula would hurt consumers, Rockefeller, D-W.Va., says in a letter to the NAIC.

Rockefeller is the chairman of the Senate Commerce Committee.

The MLR provision of the Patient Protection and Affordable Care Act (PPACA) now requires health insurers to spend at least 85% of large group revenue and 80% of individual and small group revenue on health care and quality improvement efforts.

Agents and brokers say the current formula encourages carriers to cut their commissions by 50% or more.

NAHU, Arlington, Va., has been working with the National Association of Insurance and Financial Advisors (NAIFA), Falls Church, Va., and the Independent Insurance Agents and Brokers of America (IIABA), Alexandria, Va., to get producer commissions of the MLR formula, and McCarty has been supporting the producer groups at the National Association of Insurance Commissioners (NAIC), Kansas City, Mo.



The NAIC's Professional Health Insurance Advisors Task Force recently posted a draft MLR commission exclusion bill on its section of the NAIC's website, and the task force plans to hold on MLR-related health producer compensation concerns at its upcoming spring meeting in Austin, Texas.

Meanwhile, in Washington, Reps. Mike Rogers, R-Mich., and John Barrow, D-Ga., are preparing to introduce an MLR commission exclusion bill in the House, observers say.

Representatives for the producer groups say the bill would recognize the well-established principle that customers pay commissions and insurers merely collect the premiums as a convenience to the customers.

An MLR commission exclusion bill is "an adjustment to a requirement that never should have been drafted this way in the first place," says Jessica Waltman, a NAHU vice president.

Diane Boyle, a NAIFA vice president, says quick congressional action is the best way to preserve the valuable services, such as claims assistance and small business human resources help, that licensed agents provide every day.

Boyle cited Maine's successful fight to get an MLR exemption to help the state's producers and small carriers.

"Maine's difficult, 6-month effort to procure an MLR exemption shows that a broader fix is needed," Boyle says. "We believe the bipartisan Rogers-Barrow legislation would provide that."

Rockefeller brought up the MLR formula issue in a letter expressing his unhappiness with the NAIC's decision to schedule the producer compensation hearing.

The current MLR formula was approved by the NAIC in August 2010 after several months of debate and approved by the U.S. Department of Health and Human Services several weeks later, Rockefeller says.

Rockefeller tells the NAIC that he shares its "appreciation for

the valuable work that licensed insurance agents and brokers do on behalf of their customers,” and “recognizes the valuable role agents and broker play in helping American consumers and businesses purchase health insurance.”

But “I cannot support a proposal that would allow agents, brokers and health insurance companies to retain the estimated \$1 billion in benefits that American consumers will receive next year thanks to the health care reform law,” Rockefeller says.

The purpose of the PPACA MLR provision is to encourage health insurers to deliver health care services to customers in a more efficient and cost-effective way, Rockefeller says.

“I am encouraged by the fact that the new law is prompting many health insurance companies that were not meeting these targets to conduct a long-overdue review of their business operations and make changes that will result in higher-quality care and lower premiums for their customers,” Rockefeller says.