

Coastal Bend Association of Health Underwriters

Denise's Thoughts

CALENDAR

September 13, 2011

Monthly Luncheon
Hilton Garden Inn
One Hour CE
Featuring Mike
Smith,
Decision: Group
Health or Medicare
Course #83407



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September 2011

It is hard to believe we are heading into Fall when the temperature outside is still in the high 90's and not a drop of rain in sight. If you are like me you are anxious for that first cool front.

We had a fantastic attendance during the August monthly luncheon. Ouida Peterson did not disappoint with her one hour CE on FSA eligible expenses and the twists and turns of the new rules. For those of you that may have missed it Ouida will return on February 14 to present a ½ day workshop (with ce credit) for our members and their invited clients. Watch your mailbox for important registration information.

This month our member luncheon will feature Mike Smith with The Brokerage. He will present a CE titled, Decision: Group Health or Medicare. You will not want to miss this opportunity to learn more about this complicated topic.

Our annual Sales Symposium is right around the corner. It is scheduled for Friday, October 14. It will be held at the Omni Bayfront Hotel and you should already have received the registration packet. This is going to be our best Symposium to date so please register early.

Many of you have heard of the Minimum Loss Ratio requirement as part of PPACA in various articles and news pieces. On our behalf NAHU is lobbying legislators to exclude agent compensation from the calculation. There are several reasons for this position and included within this newsletter is a position paper from NAHU explaining the effects of this requirement. The best use of this information is to get it into the hands of our Federal representatives while they are home during their August recess. Please consider sending it to your legislators.

NAHU recently published and distributed their mid-year report of activities. I have reprinted a portion within this newsletter for your information. If you ever wondered what NAHU does on the National level and how your dues are spent this is a great piece of information. Everything they are referring to is included within the NAHU website for your review and use.

Elsie Gaertner, our treasurer, recently attended the NAHU Region VI leadership conference in New Orleans, LA. She provided a report to the Board about the meetings she attended and you can expect to see a membership drive during this next quarter.

Have a great month and we will see you at our September meeting.

Until next month,

We are still masters of our fate.
We are still captains of our souls.
Winston Churchill

CBAHU Executive Board

President	Denise Villagran
President Elect	Nedra Clingan
Treasurer	Elsie Gaertner
Secretary	Shelley Love
Past President	Polly Harris

Committee Chairs

Membership	Bob Corrigan/Polly Harris
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Hospitality	Mandy Castillo
Legislative	Leo Barrera
Grip	Bob Corrigan
Education	Polly Harris/Denise
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Public Service	Open
Newsletter	Open
Website	Tiffany Pharis
Sponsorship	Open
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Trustees

Rick Ott, Nedra Clingan, Robbie Burgess, Tina Durand

Trustees Emeritus

Denise Villagran, Laura Hebert, Annie Castro, Kelli Campion, Diane Lee, Kathy Greene



Healthy Notes

*The **FACTS** on fad diets*

When it comes to weight loss, if a diet or product sounds Too good to be true, it probably is.

- **Rapid Weight Loss** - Slow, steady weight loss is more likely to last than dramatic weight changes. Healthy plans aim for a loss of no more than ½ pound to 1 pound per week. If you lose weight quickly, you'll lose muscle, bone and water, and are more likely to regain the pounds quickly afterwards.
- **Quantities and Limitations** – Shy away from diets with unlimited quantities of any food, such as grapefruit and cabbage soup. Avoid diets that eliminate or severely restrict entire food groups, such as carbohydrates.
- **Specific Food Combinations** – There is no evidence that combining certain foods or eating foods at a specific time will help weight loss.
- **Rigid Menus** – Limiting food choices or following rigid meal plans can be difficult over the long-term.
- **No Need to Exercise** – Regular physical activity is a key element for good health and healthy weight management.

To maintain a healthy weight, build muscle, and lose fat, the best recipe is eating smart and moving.

To find a registered dietician, visit www.eatright.org.

Source: American Dietetic Association

Southwestern Corn Salad

8 ears of fresh corn	Grill or boil corn, cool and cut kernels from the cob. Place in medium bowl, mix in red and green bell pepper and onion.
1 red bell pepper diced	
1 green bell pepper diced	
1 red onion chopped	
1 cup fresh cilantro chopped	In a blender or food processor blend cilantro, olive oil, garlic, lime juice, sugar, hot sauce, and salt and pepper to taste.
½ cup olive oil	Stir into corn salad and enjoy.
4 cloves of garlic minced	
Juice from 3 limes	
1 tsp sugar	
1 tblsp hot sauce	
Salt and pepper to taste	

Serves 8: 223 calories, 14.7 g fat (2.1 g saturated Fat), 356 mg sodium, 23.9 g carbohydrate, 4.1 g Fiber, 3.7 g protein.

CBAHU Calendar of Events 2011-2012

- August 10** **1 Hour CE presented by Ouida Peterson**
FSA's, HRAs, and HSAs – Over the Counter Eligible Expenses,
What IS and ISN't
Course #82623
- September 13** **1 Hour CE presented by Mike Smith**
Decision: Group Health or Medicare
Course #83407
- October 14** **6 Hour CE – Annual Sales Symposium**
Omni Bayfront Hotel
- November 8** **2 Hour CE presented by Jacqueline St. Hilaire**
MEMBERS ONLY
Working with Your Benefit Specialist After Healthcare Reform
Course #83632
- December 13** **1 Hour CE presented by Alicia Haff**
Current State of Affairs – A Shortened Account
Course #83751
- January 10** **1 Hour CE presented by Carolyn Goodwin**
Health Care Coverage Options for Texans
Course #14567
- February 14** **4 Hour CE Mini Seminar for Members and Invited Clients**
Presented by Ouida Peterson
2 Hour CE National Healthcare Reform, How and When
Course #82626
2 Hour CE COBRA-WHO, Subsidy and Options
Course #82627
- March 13** **1 Hour CE – presented by Glen Baecker**
Term vs. Permanent, The Whole Truth & Nothing but the Truth
Course #Filing Pending
- April 13** **6 Hour CE – Annual Day of Education**
Education Service Center
- May 8** **1 Hour CE – TBD**
- June 12** **1 Hour CE - TBD**



CBAHU Membership Meeting

**Hilton Garden Inn
6717 S. Padre Island Dr.
Corpus Christi, Texas 78412**

Tuesday, September 13, 2011

**Registration 11:15-11:30
Lunch and Meeting 11:30-12
12-1 Program**

Sponsor:

**One (1) Hour CE – Course #83407
Decision: Group Health or Medicare
Presented by Mike Smith**

**\$20.00 per member with RSVP
\$30.00 per member with no RSVP
\$20.00 per guest of member with RSVP (single visit)
\$30.00 per non-member/guest
(Waived if you join CBAHU at the meeting!)**

**RSVP to Mandy Castillo, Hospitality Chair @ mcastillo@keetchins.com by noon
Friday, September 9th**

This is a position paper provided by NAHU in regards to the Medical Loss Ratio Requirements of PPACA. Please share with your legislator.

Patient Protection and Affordable Care Act's Medical Loss Ratio Requirements

Myths and Realities about the Impact on Consumers and Professional Agents and Brokers

Myth: Health plan profits are the cause of higher health care spending. MLR implementation will put a stop to gouging by insurance companies.

Reality: The latest Yahoo! Finance quarterly corporate financial data shows the following:

The health insurance industry's average profit margin is 4.40%. This ranks the health insurance industry 143 out of 215 different industries.

Within the health care sector, the health insurance industry ranks 12th out of 16.

Myth: MLR implementation will make insurance premiums more competitive.

Reality: Insurance markets vary considerably from one state to another. In rural states, for example, some carriers that currently provide coverage in remote areas will be unable to meet the MLR requirements and will exit the market, leaving consumers with fewer choices. Furthermore, the administrative costs of marketing a new plan in a state will be prohibitive given the MLR requirement, so companies will have no incentive to enter a new state and offer consumers new health plan choices.

Myth: It's the cost of health insurance that's the problem, and agent and broker commissions only contribute to high insurance premiums. The MLR is the only way to contain premium costs.

Reality: Actually, agent and broker commissions have nothing to do with how health insurance premium rates are determined. Premiums are set by a wide variety of factors, the most of important of which is the cost of medical care. The agent and broker commission is a set fee tacked on to the premium at the end of the process, similar to state and federal taxes. The commission is never part of the insurance carrier's revenue stream, but is merely a pass-through expense. It is billed that way both as a consumer convenience and as a means of complying with state premium tax and consumer-protection laws.

There is also no evidence that the MLR requirements will lower health insurance premiums. In the states that have already tried loss ratio caps, premiums and health care costs are not lower and health care quality is not better. Instead, these requirements actually discourage health plan investments in programs that generate long-term medical care cost savings and improve health care quality. Also, many administrative functions performed by insurers, such as providing customer service lines and processing claims, are largely fixed costs. These fixed costs are a very small percentage of the premiums of higher-cost policies, so the new MLR requirements may perversely incent carriers to offer higher premium plan choices rather than lower cost options.

Myth: Excluding commissions from the MLR calculation will be a windfall for insurers and consumers will be hurt.

Reality: The cuts in commissions due to the implementation of MLR have already hurt consumers. In every state, as a direct result of the new law's MLR provisions, health insurance agency owners are reporting that they are reducing services to their clients, cutting benefits and eliminating jobs just to stay in business. In some instances, they are simply closing their doors. In rural areas, many agents report that they are no longer able to travel to clients' homes and offices to walk them through the application process. In all parts of the country, the hours agents and brokers can afford to spend resolving billing and claims issues have been drastically cut. The current law puts American consumers, businesses and families at risk. As it stands now, they will be left without advocates to assist with coverage or claims problems and without professional advisors to assist in finding the right plan that fits their needs at a cost they can afford.

Myth: Buying insurance is a lot like buying an airline ticket, and health reform will make shopping for coverage even easier. Why should anyone pay an agent or broker to help them?

Reality: Purchasing health insurance as an individual or as a business owner is one of the most important financial decisions you can make. It's nothing at all like buying a plane ticket! An airline ticket is a one-time purchase that takes you to a known destination. The variables for how you get there may cost you time and frustration, but that's all. Health insurance is a complex financial product, and price alone does not determine the best coverage choice. Family coverage can be particularly complicated when family members have different health concerns. What may be best for one family member is not the best for another. If someone purchases the "wrong" plan, he/she may not have coverage for needed services, to see their preferred doctor, or to go to their preferred hospital. Moreover, unlike airline tickets, the purchase of health insurance typically includes considerable assistance after the sale. Insurance brokers assist consumers with plan selection, insurance billing and claim filing, and contract interpretation. Brokers often intercede on behalf of clients to obtain payment for services that may not be typically or otherwise covered under a plan, i.e., services that may be new or deemed experimental. For employers, brokers often serve as an extension of the human resources department and design comprehensive benefit programs, provide employees with information about the selected plans, process enrollees and handle

compliance matters, as well as servicing employee claims concerns. Finally, as health insurance is typically purchased on an annual contract basis, agents and brokers help save their clients significant money each year by ensuring that they are getting the best value for their dollar at renewal time; and if there is an issue with renewal premiums, they assist them in finding alternate coverage.

Myth: Insurance agents work for the health insurance companies, so their commissions should be considered an administrative cost.

The vast majority of health insurance policies in this country are sold and serviced by independent agents and brokers. Independent health insurance agents and brokers do not work for health insurance companies. They run their own businesses, hire their own employees and pay all of their own office expenses, such as rent, utilities, workers compensation, and professional liability insurance. All of their business expenses are paid through the commission revenue they receive. To be in business, each state requires agents and brokers to take an examination, maintain a license and complete continuing education requirements. Agents and brokers are highly regulated by their state insurance departments, and they have a legal responsibility for the performance of products they sell and the advice and assistance they provide to their clients.

Myth: Insurance brokers could just charge clients separate fees for their services.

Reality: Sometimes, agents are permitted to charge a fee, particularly to very large employers that do not purchase traditional coverage but instead self-fund their employee benefit plans. However, there are state laws that prohibit charging separate fees for all services provided to individual health insurance consumers, as well as to most traditional employer group plans. Most state laws require agent and broker commissions to be part of the premium for premium tax collection purposes. Also, state anti-rebating laws and producer licensure requirements help make the commission payment structure the national standard.

An embedded commission structure does benefit consumers. It provides customers with advocacy services at the very times they most need it—when they face medical and/or financial trouble—but with no worries about what these services might cost. If, for example, consumers had to pay hourly fees, during a medical crisis a consumer would likely wind up spending more in service “fees” per billable quarter-hour than what they currently spend on the commissions embedded in their premium over the life of their policy. Under the current system, there is NO additional charge to the client for any service the client needs at any time he or she needs it.

Myth: Insurance broker commissions are an administrative expense for health insurance carriers.

Reality: Commissions have been included as a small part of every single health insurance policy premium payment for more than 100 years. This payment structure is a consumer convenience, but it is also required by a myriad of state-level licensing, consumer-protection and tax laws.

Not one penny of independent agent/broker commission ever goes to a health insurer’s bottom line. Instead it is a pass-through fee that goes directly from consumers to their health insurance agent. The health insurance companies don’t hire health insurance agents and brokers—individual employers and consumers do. Only the individual consumer or employer can decide whether to keep or fire their agent.

Myth: Insurance brokers earn 20% and more in commissions for each policy that they sell.

Reality: Most of the higher commission rates written about in the press at this level are for products other than health insurance. There are some select areas of the country where an agent may receive commissions in this range for individual health insurance policies only. But commissions are typically much lower. For individual policies, the payment is typically in the seven to 10% range for the initial year the policy is sold, and much less in the outlying years. For small-employer plans, the commission typically rates range from two percent to eight percent, depending on the size of the company and the state insurance market. For larger employers, the commission is often less than three percent. Also, in many cases, the agent is not paid on a percentage basis, but instead receives a small flat monthly fee for each primary insured individual per month. Most of the time, if an insurer is allowed by state law to vary a health insurance premium based on medical status, the agent only receives a commission on the based preferred rate, offered to the healthiest enrollees, regardless of the health status of their client(s). Furthermore, agent and broker commissions are often based only on the initial amount of the health insurance premium. The amount of any annual premium increase is usually not factored in to their overall commission.

Myth: Insurance brokers are big business and they make too much money. The MLR requirements are needed to reign in their huge salaries.

Reality: There are approximately 500,000 health insurance brokers nationwide, and they work in every community. For the most part, they operate Main Street small businesses rather than Wall Street-type firms. Their mean annual wage in 2010, according to the federal Bureau of Labor Statistics, was \$62,520.

Association Highlights

A Look at NAHU Activities from January through June

In Washington, DC, and across the United States

NAHU staff made quite a few visits to Capitol Hill and government agencies in the first half of 2011, lobbying and representing NAHU:

- » 125 visits to Capitol Hill and federal agencies on [NAHU's health issues](#).
- » 52 fundraisers on behalf of [HUPAC](#).
- » 23 briefings from inside-the-Beltway groups.
- » 23 hearings and 60 coalition meetings.

NAHU staff, members and state lobbyists also made numerous visits and calls to state legislators and regulators and reinforced our presence nationwide.

NAHU in the Media

- » [NAHU was featured](#) 900 times in a variety of different media, reaching an audience of 300 million people. NAHU was mentioned in a many prominent publications, including *Congressional Quarterly*, *The Hill*, *The New York Times*, *The Huffington Post*, *Politico*, *The Washington Post*, *The Boston Globe*, *Woman's Day*, TIME/CNN's *Swampland*, *Agent's Sales Journal*, *National Underwriter* and NPR.
- » We issued 23 [press releases](#) and media advisories at the national level on important issues such as medical loss ratio regulation, state-based exchanges, PCIP, 1099 repeal, inherent problems with PPACA and preserving the role of agents and brokers.
- » We issued 20 letters to the editor and nine op-eds on issues such as the MLR, exchanges, HSAs, Medicare administrative costs and the value of the agent.
- » NAHU's Education Foundation produced 18 Wellness Works videos that have received more than 1,650 views. You can access these videos as well as other educational materials on the [Wellness Works](#) webpage.

Papers, Policy Documents and Charts

NAHU staff and committees produced the following documents used for federal and state legislative and regulatory activities:

- » NAHU updated our [health reform implementation timeline](#) to reflect changes to the implementation schedule of key provisions.
- » NAHU updated our [timeline](#) of how health reform will impact your employer clients.
- » NAHU updated our simplified [PowerPoint presentation](#) on health care reform implementation for use with members' employer clients.
- » NAHU compiled an [extensive amount of data](#) for the NAIC for their analysis of the effects of the medical loss ratio provision in PPACA.
- » NAHU created a [chart](#) highlighting all of the provisions within the exchange regulation that are specifically relevant to health insurance agents and brokers. We also created a [chart](#) detailing the exchange legislation brought forth by each of the states.

Comments and Testimony

- » NAHU submitted [comments](#) to HHS on the interim final rule regarding the medical loss ratio requirements under PPACA.
- » NAHU [sent a letter](#) to the NAIC, as well as a [joint letter](#) on behalf of the Agent/Broker Alliance, expressing our support for exempting agent/broker compensation from the MLR calculation.
- » NAHU submitted detailed comments to the NAIC on a number of white papers about exchanges, including those addressing the [role of producers and navigators](#), the [financing of exchanges](#) and [adverse selection in exchanges](#).
- » NAHU CEO Janet Trautwein [testified](#) before the House Energy and Commerce Committee on H.R. 1206, the bipartisan legislation to remove agent and broker compensation from the MLR calculation.
- » NAHU sent comments to the IRS on the [105h non-discrimination provisions](#) and the [employer responsibility requirements](#) in PPACA.
- » NAHU sent a [joint letter](#) on behalf of the Agent/Broker Alliance to the NAIC Professional Health Insurance Advisors (EX) Task Force, urging them to endorse federal legislation to remove agent/broker compensation from the MLR calculation.
- » NAHU Past President Beth Ashmore [testified](#) on behalf of the association before the NAIC Professional Health Insurance Advisors (EX) Task Force.

Letters to Congress

- » NAHU sent a letter to [House leadership](#) and to [Senate Minority Leader Mitch McConnell](#) expressing our support of H.R. 2, the bill to repeal PPACA.
- » NAHU sent a letter to [Rep. Dan Lungren](#) and [two letters](#) to Senator Mike Johanns in support of legislation to repeal the 1099 reporting provisions created under PPACA.
- » NAHU sent letters to [Senator Kay Bailey Hutchinson](#) and [Rep. Erik Paulsen](#) in support of legislation to repeal flexible spending account limits.
- » NAHU sent a [letter](#) to Senator Orrin Hatch and Rep. Erik Paulsen in support of S. 1098, the Family and Retirement Health Investment Act of 2011.

Grassroots Efforts

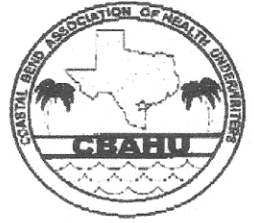
One of our greatest assets is our voice on important issues of the day. We frequently use Operation Shout at the federal and state level to make our voice heard. During the past six months, 13,978 Operation Shout messages on federal issues were sent to Capitol Hill, and 311 messages were sent to state capitols.

THANK YOU

I appreciate all the phone calls, cards, and kind words and prayers during my family's recent loss of my mother. Thank you so very much.

Denise S. Villagran

**COASTAL BEND ASSOCIATION OF HEALTH UNDERWRITERS
NAHU MEMBERSHIP APPLICATION**



Last Name	First Name	Designation (s)
Company	Title	Referred by / Sponsor
Mailing Address	City	State Zip

Telephone	Fax	Email Address
Home Address (for Legislative Purposes)	City State Zip	Home phone number

Full NAHU Membership:	NAHU Dues \$270.00 TAHU Dues \$100.00 CBAHU Dues \$15.00 Total Dues \$385.00	<input type="checkbox"/> Check payable to NAHU <input type="checkbox"/> Monthly Bankdraft \$32.08/mo <input type="checkbox"/> VISA, M/C, AMEX	<input type="checkbox"/> Local Affiliate Member: \$55.00 Renewable billed Jan 1 st (Current full member of another TAHU Chapter) <input type="checkbox"/> Local Associate Member: \$50.00 Renewable billed Jan. 1 st (support staff not working in sales capacity) Bank draft not available for Affiliate & Associate Memberships. (Checks payable to CBAHU)
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Credit card # _____ Signature: _____
 Expiration Date: _____ Val. Code _____ Circle One: VISA M/C AMEX

Bank Draft Authorization: I / We hereby authorize the National Association of Health Underwriters to initiate debit entries to my / our account named at the Bank below, hereinafter called BANK. This authority is to remain in force and effect until BANK has received written notification from me / us of its termination in such time and in such manner as to afford BANK a reasonable opportunity to act on it.

(A BLANK VOIDED CHECK FROM THE ACCOUNT YOU WISH TO HAVE DEBITED MUST ACCOMPANY THIS APPLICATION)

Name _____ Bank Routing _____ Account _____
 Signature _____ Date _____

Mail Application & Check to: Polly Harris - Membership Chair Ph# 361-852-9000
Via email: polly@pollyharrisins.com

Please indicate your area of practice:

<input type="checkbox"/> Long Term Care	<input type="checkbox"/> Disability	<input type="checkbox"/> Managed Care	<input type="checkbox"/> Retirement
<input type="checkbox"/> Individual	<input type="checkbox"/> Large Group	<input type="checkbox"/> Small Group	<input type="checkbox"/> Worksite Marketing
<input type="checkbox"/> TPA	<input type="checkbox"/> Self Insured	<input type="checkbox"/> Medicare Supplement	<input type="checkbox"/> Dental

Board Committees I'd to help on:

Membership Special Events Newsletter Education events (CE)
 Legislation Anywhere I can be useful

NOTE: A portion of your dues are tax deductible: NAHU \$146.25, TAHU \$60 & CBAHU \$15