

Agents and Brokers in the Marketplace

Impact of agents and brokers on the Health Insurance Marketplace® continues to grow

Overview

Licensed agents and brokers play a key role in the Health Insurance Marketplace® (Marketplace) by providing consumers with expert guidance on plan options in their local area while assisting with everything from comparing costs and coverage to applying for financial assistance. By working with individual consumers one on one, agents and brokers help millions of consumers each year find and enroll in the best coverage for their specific needs. Their popularity among consumers has continued to increase over the last several years, as CMS has worked to give licensed agents and brokers better tools to serve clients. Nearly half (approximately 4 million) of all Marketplace enrollees using HealthCare.gov for Plan Year (PY) 2020 were assisted by an agent or broker, an increase of three percent from PY 2019 and continuing a trend of steady increase from PY 2017. Additionally, agents and brokers were responsible for bringing 1.12 million new enrollees into the Marketplace for PY 2020. Agents and brokers are instrumental in driving greater participation in the individual health insurance market, ultimately increasing health of the risk pool and creating a more stable individual market.

Agents and Brokers help demystify the stressful process of choosing a health plan by putting a local, friendly face on buying coverage and offering deep knowledge and expertise that's tough to find elsewhere.

Shopping for and enrolling in health insurance can be a confusing process. Consumers often need help understanding the different metal levels, deductibles, copays and subsidy eligibility factors.¹ They also need accurate, local information on health care provider networks and differences between plan options. Agents and brokers, who often live and work in the communities they serve, bring personalized guidance by, for example, sharing detailed knowledge of provider networks in a consumer's local area.

Although other options such as federally-funded Navigators are available to provide consumer assistance, agents and brokers have shown to be more effective alternative option for enrolling consumers in coverage through the Marketplace. Unlike Navigators and other assisters, licensed agents and brokers are able to recommend specific plans that are best suited for individuals and families. Agents and brokers consistently enroll nearly 50 percent of enrollees who enroll in Marketplaces using the federal platform. Research on the consumer experience through State-based Marketplaces likewise finds that consumers turn to agents and brokers as a common

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* Note: Help On Demand is a CMS-contracted service developed and hosted by Help On Demand (formerly known as BigWave Systems).

¹ Tipirneni R, Politi MC, Kullgren JT, Kieffer EC, Goold SD, Scherer AM. Association Between Health Insurance Literacy and Avoidance of Health Care Services Owing to Cost. *JAMA Netw Open*. 2018;1(7):e184796. doi:10.1001/jamanetworkopen.2018.4796

source of help when choosing a health plan while very few consumers use Navigators or other assistors to get help.²

Under the Trump Administration, CMS has built innovative tools and new enrollment pathways to give consumers options for how they shop for coverage, empowering agents and brokers to provide comprehensive support to their customers throughout the year. These tools have allowed private sector partners to craft a more consumer-centric experience with increased plan choice, enhancing their ability to support consumers in making important insurance decisions and providing year-round assistance.

A prime example of these efforts is the Enhanced Direct Enrollment (EDE) pathway, an enhanced pathway for consumers to enroll in health insurance coverage through the Marketplace that improves the enrollment experience by allowing agents and brokers to directly assist consumers to apply for and enroll in a Marketplace plan and manage their health coverage information without taking the additional, often confusing step of being redirected to HealthCare.gov under the classic Direct Enrollment (DE) pathway or having to contact the Marketplace Call Center. In addition, CMS launched a partnership with the Help On Demand service, a consumer assistance referral system that rapidly connects consumers to Marketplace registered, state-licensed agents and brokers in their communities for assistance.

CMS Support for Agents and Brokers to Better Serve Consumers

Enhanced Direct Enrollment (EDE)

First launched in 2018, EDE is a pathway that enables Qualified Health Plan (QHP) issuers, web-brokers, and direct enrollment technology providers to create their own online engagement and enrollment platforms for consumers. Through EDE, agents and brokers can use approved EDE platforms to assist with eligibility determinations, plan selections and enrollment, as well as assist consumers with activities beyond the Open Enrollment Period (OEP), including updating coverage due to qualifying life events, receiving notifications about their coverage, and even downloading tax documents (see Figure 1).

² Joachim Hero, et al., “Decision-Making Experiences Of Consumers Choosing Individual-Market Health Insurance Plans,” *Health Affairs* (March 2019) (finding “Brokers represented the most common source of help both on and off Marketplace, followed by family or friends, but off-Marketplace respondents were almost twice as likely to have received assistance from brokers than on-Marketplace respondents (40 percent versus 23 percent). Only 5 percent of on-Marketplace respondents received help from customer service representatives or navigators.”); and Anna D. Sinaiko, et al., “Shopping Behavior and Challenges: Lessons From Two State-Based Marketplaces,” *Medical Care Research and Review*, Vol 64, No. 4 (2019) (finding “Respondents use multiple sources of information to learn about plan. Most (78%) visited the marketplace online, and substantial numbers called the marketplace (42%) and/or used a broker (34%). Very few talked to assistors in the community.”).

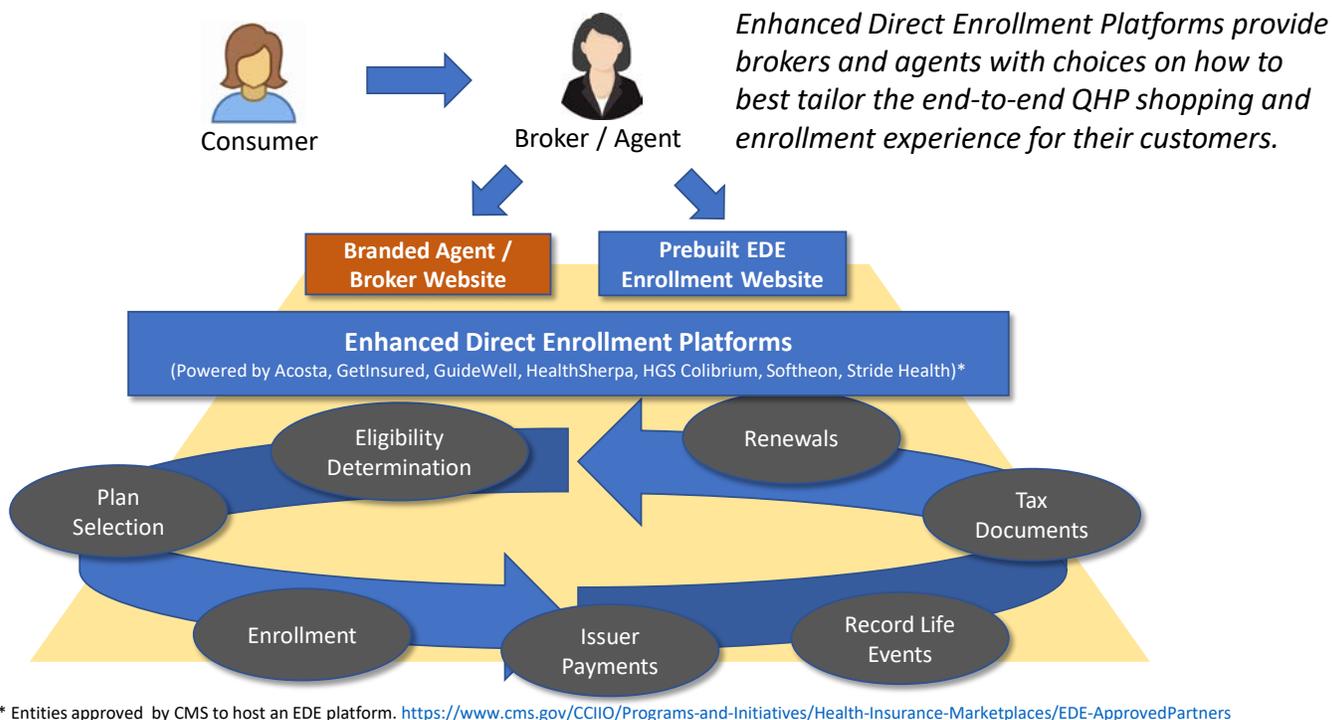


Figure 1: Wide range of consumer services available through Enhanced Direct Enrollment

EDE opens a new range of possibilities for agents and brokers to participate in their local Marketplaces where they have existing relationships with consumers and can provide service with a personal touch. To enable this, CMS has given agents and brokers significant flexibility by allowing them to leverage EDE platforms to create their own company-branded sites that can be further customized to better serve their customers. EDE continues to receive a positive response from the agent and broker community, as evidenced by a 12% increase in EDE usage from 2019 to 2020. Moreover, 98% of all EDE plan selections for the PY 2020 were done using a “brick and mortar” agent or broker, showcasing how valuable this new tool is to the agent and broker community.

Most importantly, EDE helps attract new consumers to the Marketplace who enroll in plans that cost them less money. In 2020, 45% of EDE consumers with active plan selections were new, compared with only 31% of non-EDE consumers. Furthermore, consumers who purchased their coverage through EDE versus another channel in 2020 found and enrolled in plans that on average cost them 25% less in monthly premiums after tax credits have been applied, compared to consumers who did not enroll through EDE.

Help On Demand

In 2017, CMS unveiled the [Help On Demand](#) service partnership with HealthCare.gov – a no-cost, rapid-referral system that, similar to Uber or Lyft, uses mobile technology and location-based algorithms to

connect consumers with Marketplace registered, state-licensed agents and brokers in their area who can provide immediate assistance. Agents and brokers use the Help On Demand service to connect with new consumers and help them navigate the Marketplace and shop for coverage.

Some of the benefits from Help On Demand include:

- ✓ **Consumers can connect quickly:** Agents and brokers accept the referral within 15 minutes, providing rapid support for consumers.
- ✓ **Agents and brokers maintain a flexible schedule:** Help On Demand lets agents and brokers set standard operating hours or sign on whenever they are available to help consumers, 24 hours a day, 7 days a week, increasing availability.
- ✓ **Free to use:** Help On Demand is provided to consumers and agents and brokers at no cost.

Agents and Brokers Serve a Diverse Set of Marketplace Consumers

Agents and brokers serve the diverse range of consumers coming to the Marketplace, including the self-employed, early retirees, and people who are between jobs, matching their customers with the right coverage.

Ava is a 26-year-old freelance writer who reached the age cutoff and can no longer receive coverage through her parents. Having never purchased health insurance for herself, she is unfamiliar with health insurance terminology like coinsurance, deductible, and out-of-pocket maximum. She also wants to know what financial assistance she can receive, if any, to help her pay for coverage. Through Help On Demand, Ava can quickly connect with an available local broker to assist her with plan selection and enrollment.

Elias is a 63-year-old early retiree who is not yet Medicare eligible but in need of health insurance. Elias suffers from a host of chronic conditions, including diabetes, and needs a plan that includes his endocrinologist and local hospital in-network, does not have a high-deductible, and has a premium less than \$500 per month. Elias is not technologically savvy enough to research everything he needs online, but contacts a local health insurance agent over the phone who knows which plans include his providers in-network.

Naomi is a 39-year-old single mother with two children who recently changed jobs and her new employer does not offer health insurance coverage. Obtaining cost effective coverage is a priority for her and her children. Naomi visits a local agent's website (hosted by an approved EDE partner) that not only displays the range of plans available in her area, but also connects her with a real live agent in her community who helps her identify a plan tailored to her family's unique circumstances, including accessing Advance Payments of the Premium Tax Credits (APTC) to reduce her monthly premium by 50%.

Rahul is a 31-year-old airline flight attendant who recently lost and employer-provided coverage due to COVID-19-related layoffs. Rahul came to the Marketplace to shop for a plan that would get him basic coverage until he finds new employment that includes health insurance. Rahul can utilize the special enrollment period due to his loss of coverage and enroll in a low-cost plan. However, given the uncertainty of COVID-19 and the timing for finding a new job, Raul will greatly benefit by

using an agent through the EDE pathway who can assist him in making changes to his plan year-round, should his circumstances change.

Ivan is the owner of a small hardware store who wants to offer coverage to his new employees. After connecting with an agent, he recently learned of a new coverage option called an Individual Coverage Health Reimbursement Arrangement (ICHRA). His agent informed him that an ICHRA allows Ivan, as a business owner, the option to offer his employees a monthly allowance of tax-free money to buy individual market health insurance that fits their unique needs. Employees can enroll in an individual health insurance plan or Medicare (if eligible) and can leverage the ICHRA funds to help cover premiums and cost sharing. Ivan is now able to offer his employees an affordable healthcare option without the burden of high costs.

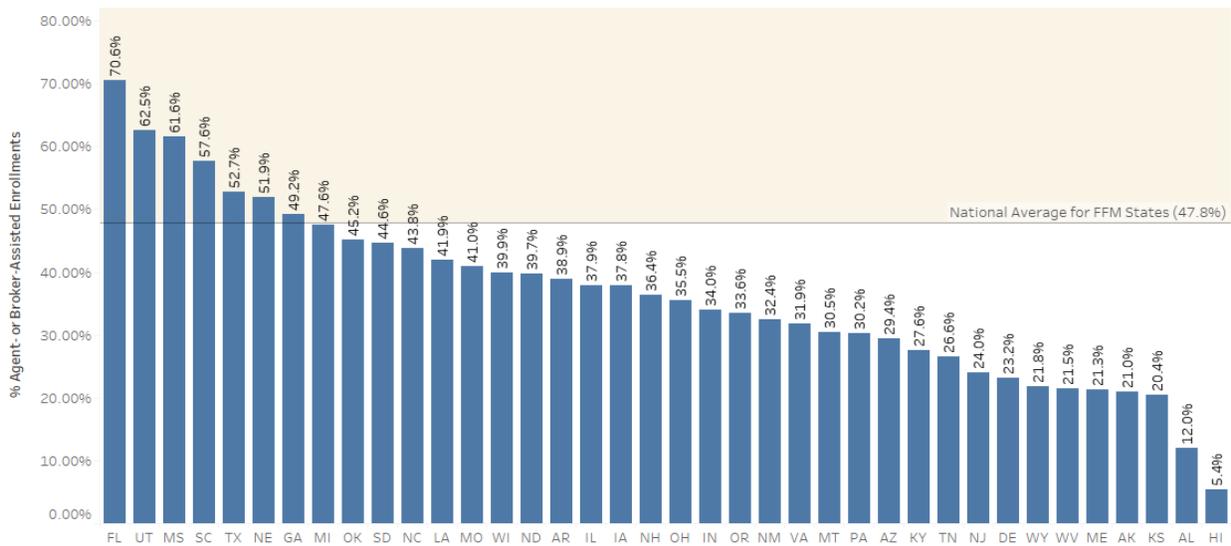
Conclusion

When buying a product as complex as health insurance, consumers value relationships with local people that have the knowledge and experience to guide them through the decision-making process. Health insurance agents and brokers put a local, friendly face on the often stressful process of buying coverage, while also offering deep market and product expertise tough to find elsewhere. CMS is committed to providing licensed agents and brokers with effective tools to help the diverse consumer population access coverage through the Marketplaces. As part of this commitment, CMS will continue to focus on adding new approved EDE partners, improving EDE to better support complex enrollment scenarios, and continuing to enhance Help On Demand services to ensure that consumers can easily connect with Marketplace registered, state-licensed agents and brokers in their area.

Appendix I: Percentage of Agent/Broker Assisted Enrollments by State

Appendix I shows the percentage of licensed agent- and broker-assisted enrollments by state for all states utilizing the HealthCare.gov platform. Agents and brokers accounted for 47.8 percent of all consumers enrolled during the PY 2020 OEP. The top five states with the highest percentage of agent/broker assisted enrollments for PY 2020 were:

- Florida: 1,352,626 enrollments (70.6%)
- Utah: 126,121 enrollments (62.5%)
- Mississippi: 61,084 enrollments (61.6%)
- South Carolina: 124,417 enrollments (57.6%)
- Texas: 590,872 enrollments (52.7%)



Appendix II: New and Total Agent and Broker Registrations by State

Appendix II breaks down the new and total licensed agent and broker registrations by state for all states utilizing the HealthCare.gov platform for PY 2020.

The top five states with the highest number of registered agents and brokers were:

- Florida (11,623)
- Texas (5,542)
- Illinois (3,463)
- North Carolina (2,234)
- Michigan (1,672)

The top six states with the highest average number of consumers enrolled per a registered agent or broker were:

- Mississippi (178)
- Georgia (138)
- Hawaii (138)
- Utah (126)
- Florida (116)
- Alaska (116)

State	Total Agents and Brokers Registered (MLMS and Vendor Training)	Average Enrollments per Registered Agent or Broker	State	Total Agents/Brokers Registered MLMS and Vendor Training)	Average Enrollments per Registered Agent or Broker	State	Total Agents and Brokers Registered (MLMS and Vendor Training)	Average Enrollments per Registered Agent or Broker
FL	11,623	116	MO	822	102	MS	343	178
TX	5,542	107	IA	820	25	SD	296	44
IL	3,463	32	AR	791	32	NM	277	51
NC	2,234	99	TN	784	68	MT	237	57
MI	1,672	75	IN	782	62	NH	211	77
GA	1,658	138	AZ	772	59	ND	193	45
PA	1,636	62	OR	761	65	ME	144	92
OH	1,559	45	NJ	719	83	WV	111	39
SC	1,548	80	OK	681	106	DE	79	71
VA	1,338	65	NE	624	76	WY	60	90
WI	1,113	71	AL	602	32	AK	32	116
UT	998	126	KS	433	41	HI	8	138
LA	922	40	KY	343	67			

Appendix III: Agents and brokers significantly outperform Navigators in enrolling consumers into Marketplace plans

For the OEPs for Plan Years 2017-2020, the average number of consumers enrolled per an agent or broker trended 24-35 enrollments higher than that of a Navigator.

Plan Year	Consumers Enrolled through a Navigator	Average # Enrollments Per Navigator	Consumers Enrolled Through an Agent or Broker	Average # Enrollments Per Agent or Broker
2017	76,956	31	3,657,103	55
2018	72,564	38	3,653,996	73
2019	45,033	52	3,645,188	76
2020	31,200	56	3,962,735	83

Methodology:

Enrollment data for the analyses in Appendices I through III were obtained from the CMS Multidimensional Insurance Data Analytics System (MIDAS) and the data on the number of registered agents and brokers is from the Marketplace Learning Management System (MLMS). The “consumers enrolled” metrics in Appendices I-III represent counts of unique consumers who selected or were auto reenrolled in a medical plan during the OEP for each respective plan year. For states using the HealthCare.gov enrollment and eligibility platform, the OEP data are for the following dates: for 2017, 11/1/2016 to 1/31/2017; for 2018, 11/1/2017 to 12/15/2017 with data reported through 12/23/2017; for 2019, 11/1/2018 to 12/15/2018 with data reported through 12/22/2018; for 2020, 11/1/2019 to 12/21/2019 (this includes the original 2020 OEP from 11/1/2019 to 12/15/2019 and late Exchange activity between 12/16/2019 and 12/21/2019, which includes the additional time from December 16-18 provided to consumers who were unable to enroll by the original deadline).

Appendix IV: Agents and brokers are more cost-effective than Navigators in enrolling people in coverage

	Average Annual Cost Per Enrollment		
	2017	2018	2019
Agent or Broker	\$178	\$183	\$192
Navigator	\$897	\$529	\$211

Methodology:

The data for this analysis were obtained from MIDAS and the Medical Loss Ratio (MLR) program for the 2017-2019 plan years.

The annual costs for agent- and broker-assisted enrollments are based on commission data from MLR submissions and reflect costs for all individual market plans required to submit MLR data. To arrive at the annual cost per enrollment, annual commissions were divided by agent- or broker-assisted average monthly enrollment for the entire individual market, which were calculated by summing total member months for agent- or broker-assisted consumers on HealthCare.gov, total member months for agent- or broker-assisted consumers on State-Based Exchanges (SBEs) (assumes a similar proportion of consumers are agent or broker assisted as on HealthCare.gov), and total member months for agent- or broker-assisted consumers in off-exchange and other individual market plans (which assumes 100% of consumers are agent- or broker-assisted), and dividing by 12.

The annual cost per enrollment for navigator-assisted enrollments reflects total navigator funding for the grant year most closely aligned with each plan year, divided by average navigator-assisted enrollments for the plan year.