



Helping Consumers Purchase Private Insurance Coverage

Issue Summary:

PPACA creates several mechanisms for helping needy Americans better afford health insurance coverage, both through an expansion of the Medicaid program and also through premium tax credits offered to eligible individuals through the newly created health insurance exchanges. NAHU supports the concept of helping the truly needy afford private coverage. However, we feel that such assistance should not be contingent upon the place of purchase, nor should it be limited to only certain types of health insurance coverage. NAHU also believes that any health coverage program established by either the federal or state governments must be adequately funded and financially viable in the long-term.

Action Needed:

Congress should take action to amend PPACA and allow federal health insurance premium subsidies to be used to purchase all types of private health insurance coverage, both inside and outside health insurance exchanges.

Background Information:

Individual purchasers should be the determinant of what type of health benefits are best for them and their families. This means that subsidies should be available for use to purchase employer-sponsored coverage and also individual health insurance coverage, and should not be limited to individual coverage purchased through a state-based insurance exchange, as is the case under PPACA today.

Health insurance subsidies should follow the example of other publicly-funded purchasing assistance programs. For example, the federal Supplemental Nutrition Assistance Program (SNAP) does establish broad guidelines for what type of products may be purchased, so that subsidy dollars always are used for foodstuffs. However, the program doesn't specify what types of food you must buy—a family can buy milk if it needs it or skip milk and buy cheese or bread or both instead. The program also doesn't specify which stores a participant must go to buy food. Any retailer that accepts the SNAP debit card can be a point of purchase.

NAHU is concerned that if the health insurance subsidy requirements in PPACA are not broadened, particularly to allow for the subsidized purchase of employer-sponsored coverage, there will be significant damage done to the employer-sponsored coverage system that will impact all Americans, including those who are not subsidy-eligible. Unless the point of purchase requirements for subsidized health insurance coverage are expanded, millions of Americans will likely leave the employer-sponsored system in favor of subsidized individual coverage offered through health insurance exchanges.

Allowing for subsidy funds to be used by low-income individuals to help them afford employer-sponsored coverage, though would help preserve and strengthen the existing private health insurance market. It also will distribute subsidy dollars fairly across the low-income population, strengthen consumer purchasing choices, and help lower costs by taking advantage of any premium dollars employers are willing to contribute toward their eligible employee dependent premiums—money that under the current reform scheme is “left on the table.”



With regard to CHIP and Medicaid, NAHU supports mandatory premium assistance when private coverage is available. Not only do such programs save costs by taking advantage of employer subsidies, the risk associated with coverage is borne by the private market plan rather than the public program.

Concerning public program outreach, licensed health insurance producers, who are already helping millions of business owners purchase health insurance coverage for their employees nationally, can provide educational and enrollment assistance at virtually no cost to the government.

A final area of great concern for our membership, as well as for their millions of employer clients, are the employees that may transition back and forth between eligibility for individual exchange coverage and employer-sponsored insurance. We believe many individuals will find themselves in these circumstances in the future, for any one of a number of reasons. Our membership wants to ensure that such individuals have continuous access to their professional licensed health insurance advisor, no matter what their coverage source. We believe that professional agents and brokers have an important role to play in the future in this regard, and we want to make sure that our individual and employer client based has uninterrupted access to the services of trained benefit specialists.