U.S. Reps John Barrow (D-GA12) and Mike Rogers (R-MI8) today introduced a bipartisan bill that would amend the new health care law to preserve consumer access to licensed insurance agents and brokers.

“Insurance agents and brokers serve as the voice of health insurance for millions of families and small businesses in rural communities,” said Congressman Barrow. “These folks can help explain to consumers the many changes taking place in the healthcare world over the next few years, and so it’s important that our insurance agents are not hampered by provisions in the new healthcare law. This is another critical improvement that needs to be made to the healthcare law, and I’m hopeful that my colleagues on both sides of the aisle will work with Mike and me to see that this important improvement is implemented.”

“The nation’s 500,000 insurance agents and brokers help consumers find the right health care, advocate on their behalf, identify cost-savings opportunities and inform them of new products and changes in the industry,” said Congressman Rogers. “A mandate in the new health care law severely restricts their ability to perform such services, meaning small businesses are losing jobs or shutting down completely and consumers are finding it harder to access their services.”

State consumer protection and tax laws require that insurance agents and brokers be paid through commissions included as part of consumers’ regular insurance premiums. The new healthcare law now classifies commissions as an “administration expense.” By itself, this reclassification would not pose a problem, except that a new regulation in the law – called The Medical Loss Ratio – mandates that insurers may only spend 20 percent of insurance premiums on administrative expenses. The result has been insurers dramatically cutting commissions to agents and brokers in order to comply with the Medical Loss Ratio mandate, which is causing job losses in the industry and restricting the ability of rural consumers from accessing healthcare advice from qualified, licensed healthcare professionals.

Earlier this month, Congressman Barrow voted to repeal the 1099 reporting requirements for small businesses included in the Affordable Care Act. The 1099 provision requires businesses to send the IRS a form detailing every business entity they pay $600 or more for goods or merchandise in every year. This requirement greatly increases the cost and complexity of complying with the tax code for small businesses and does nothing to improve the healthcare people receive.

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