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## **Technical Advisory**

**This information is provided by Swiss Re Corporate Solutions**

**TA 308**

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**Subject:** AFFORDABLE CARE ACT - FOR INSURANCE AGENTS, PROCRASTINATION IS NOT AN OPTION

**Background:** *"You cannot escape the responsibility of tomorrow by evading it today." — Abraham Lincoln*

Perhaps you were not a fan of the Affordable Care Act and its passage. Maybe you hoped it would go away. Or, you were a fan but assumed someone else in your office would learn about the provisions of the Act, or that you would be able download easy "step by step" instructions on the Act. Well, that is not going to happen. Open enrollment under the Act is scheduled to begin October 2013. As the Act places new demands on insurance agents, you will need to make a conscious decision of whether or not you want to assume the risks of providing insurance services and products in the health care market. There are a lot of moving parts in the implementation of this legislation and becoming aware of the requirements and the risks involved is the first step in that decision making process. It is important that you start educating your agency staff today. For agencies with operations in multiple states, keep in mind that with federal and state based healthcare exchanges there may be different training requirements and other state specific guidelines.

**Main Points:** Here is a small peek into some of the issues to consider:

Before 2014 (probably in late Summer or early Fall of 2013), agents who wish to sell coverage through Federal or State Health Exchanges will be required to register with the Exchanges, receive required training (around 5 hours for the Federal Exchanges) on Qualified Health Plan options and insurance affordability programs, comply with security and privacy guidelines, and enter into formal agreements with the Exchanges.

Agents will need to be familiar with the requirements and issues for both the individual and group marketplaces. However, employer groups with approximately 50 or more employees are likely to seek out insurance agents for advice and consultation on how to structure health care plans. Agents will need to be able to answer complex questions such as:

1. As an individual am I eligible for government subsidies based on my current income level? What if my income changes throughout the year?
2. If my company has 60 employees, could I just turn half of them into part-timers and get around the restrictions of having to offer healthcare coverage to all my employees?
3. As a seasonal employer with the numbers of employees shifting by quarter, how do I count my employees for the purposes of the Act?

4. Is there any benefit to considering stop-loss insurance? Can I as an employer accept the volatility?
5. What do I need to do to structure an insurance program that is affordable and provides the proper degree of services to my employees so that I am not assessed penalties under the Act or is it possible that cutting benefits and costs and taking a penalty still creates benefit for my company?

Does your agency have a plan to meet the requirements for selling health coverage as required in the provisions of the Act? Are you able to answer the questions on individual and group plans presented above? If not, now is the time to fast-track your education on the Act and the role of agents? Your exposure to negligence claims will increase tremendously if you do not have the specialized knowledge and expertise required to assist your clients in becoming compliant with the health care regulations.

**Procrastinate no more.** The time to start learning is now. Listed below are resources to begin the process:

**General Information:**

[Click here](#) for the Center for Consumer Information and Insurance Oversight general website for up to date information/ guidance from the feds on health care reform and the exchanges.

[An article](#) providing a high-level overview of the role of agents and brokers, including web-brokers and common questions raised by states and other stakeholders on the role of agents and brokers in all Marketplaces.

[PowerPoint slides from a CMS webinar](#) providing insurance agents with program and operation guidance about the health insurance marketplace created by the Affordable Care Act.

**Tax Considerations:**

[Click here](#) for the IRS website addressing tax provisions related to the Affordable Care Act.

*Putting off an easy thing makes it hard. Putting off a hard thing makes it impossible. ~George Claude Lorimer*

**Necessary Action:** Circulate this Technical Advisory to all appropriate agency personnel.



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