

Improving Consumer Navigation: Standardizing Broker Payments



Brokers play an important role in educating seniors on their Medicare benefits, explaining coverage options and helping navigate a dizzying array of plans. With the average senior able to choose from 44 different options, most beneficiaries rely on brokers to help sort through the choices and select a plan.

Whether independent, employed by a field marketing organization (FMO) or directly employed by an insurer, brokers are well compensated for their services. Brokers typically sell plans offered by multiple companies but are not required to sell all health plans available in a geographic area. Nor are brokers required to promote plans with the highest quality performance. The financials are straightforward: the more seniors a broker enrolls, the higher their earnings.

With so much money at stake, it's little wonder many brokers steer consumers to the plan offering the largest payments.

Since 2009, the Centers for Medicare & Medicaid Services (CMS) has capped broker commissions — \$611 per new enrollee and \$306 for renewals in 2023 (on average). But what began as a modest reimbursement program has exploded into big business. That's because there are no limits on "add-ons" or "administrative fees," ranging from marketing, technology, training and compliance to bonuses, incentives for hitting enrollment targets and more.

Despite the caps on commissions, brokers today are collecting up to \$1,300 or more for every new senior they enroll, and as much as \$500 or more for renewing consumers. This broker compensation arms race translates into billions of Medicare dollars being spent annually on sales agents instead of improving patient care or preserving the Medicare Trust Fund.

Untethered and misaligned broker payment policies have led to brokers enrolling consumers in plans with higher total compensation, not plans that provide the highest quality care, draining valuable resources out of the Medicare Trust Fund and doing nothing to promote high-value care.

MA for Tomorrow standardizes broker payments and protects consumers by:

Establishing a ceiling on total broker compensation, including administrative fees. This ensures brokers assist consumers in enrolling in the plan that best meets their needs and removes perverse incentives for churning beneficiaries between plans.

Requiring health plans to report total broker compensation, including administrative fees, to CMS. This increases visibility on the money paid to brokers and empowers CMS to identify outliers and more effectively regulate compensation.

Allowing bonus payments to brokers who enroll consumers in a plan with a 4-star rating or higher. This rewards brokers for enrolling seniors in high quality plans that deliver better health outcomes, the same incentive policymakers established in the MA quality bonus program.

Seniors trust brokers to help navigate the plethora of health coverage options available. **CMS must ensure that brokers deserve that trust by enrolling consumers in the best plan for their needs, not the plan that offers the highest payment.**

Learn more about MA for Tomorrow at MAforTomorrow.org.

