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**Several Health Plans Cutting Broker Commissions for ACA Health Plans Due to Financial Losses**

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Submitted by [Michael Gomes](http://www.healthcareexchange.com/member/michael-gomes) [1] on December 15, 2015 - 9:29 AM

The whirlwinds surrounding the impact of the Affordable Care Act (ACA) in the marketplace continues to have an impact on brokers.  In recent weeks, a number health insurers have gone on record stating that the plans will be reducing broker commissions as we head into the 2016 health plans season.

Earlier this month, UnitedHealthcare, the nation’s largest insurer, sent an email saying the insurer will stop paying commissions to agents and brokers for ACA health plan sales.  The email [stated](http://www.insurance-forums.net/forum/health-insurance-reform-forum/uhc-goes-0-commission-after-jan-1st-t79215.html) [2] in part:

Although United Healthcare’s individual On-Exchange plans remain available in all 34 states marketed for 2016, it has been determined we need to further adjust commissions paid on these products.  Effective January 1, 2016, no commissions will be paid for any new UnitedHealthcare Individual On-Exchange (and Off-Exchange mirror plans\*) enrollments received on or after this date, in most states.…..The new commission schedules will be available on our Broker Portal on January 1, 2016…\*Mirror plans are those plans that are identical to On-Exchange Plans (same license, benefits, etc.) and are required to be offered Off Exchange.

The announcement went on to say that this new policy will not impact Medicare plans or non-exchange plans.  As one expert [noted](http://insurancenewsnet.com/oarticle/2015/12/08/unitedhealthcare-to-stop-paying-insurance-agents-for-selling-aca-health-plans.html) [3]:  "The only time I've seen this before is when insurers are required by government to sell a product they do not particularly want to sell," said Wake Forest University Law Professor Mark Hall. "Here, this seems consistent with an insurer that no longer wants to sell through the exchanges ... but is not allowed to withdraw immediately, so it's pushing its commissions to zero until it's allowed to exit."

In addition, recent [news updates](http://ifawebnews.com/2015/12/08/nys-oscar-health-plan-slashes-commissions-amid-turmoil-in-insurance-market/?utm_source=streamsend&utm_medium=email&utm_content=25536779&utm_campaign=IFAwebnews:%20Latest%20New%20Jersey%20Insurance%20News) [4] are reporting that New York’s Oscar Health Plan will halve its broker’s commissioners starting in February, 2016.  Oscar received a fair amount of positive press as a new kind of health plan after the ACA was implemented.  An article in [Forbes](http://www.forbes.com/sites/theapothecary/2013/08/19/say-hi-to-oscar-the-new-kid-that-may-change-health-insurance/) [5] noted: “Although Oscar will have some of the familiar pillars of the health care industry like co-pays and deductibles for in-person visits, it introduces new elements like free telemedicine, free generic drugs and online price comparisons.”  Kevin Nazemi co-founder, noted that the health plan will pioneer “a consumer experience, not a processor of claims, with the goal of simply guiding individuals through the complex health system.”

Other health plans have been contemplating reducing commissions.  Aetna made an announcement that they were eliminating commissions for the small group market, and then [announced](http://www.kilpatrickcos.com/aetna-removing-broker-commission-in-small-group/) [6] that they were going to re-instate some of the commissions.  HealthSpan in Cleveland made a similar move and many other health plans are contemplating ways to reduce their exposure as well.

What is leading to the reduction in commission payments?  The answer is simple:  health plans are losing money in the exchange market.  United announced that it expects as much as $500 million in losses on the Obamacare plans in 2016.  As a result, United Healthcare [announced](http://www.bloomberg.com/news/articles/2015-11-19/unitedhealth-may-pull-out-of-obamacare-marketplace-stock-slides) [7] plans to reduce offering ACA qualified “gold” and “silver” plans.  Another sign of struggling health plans is the number of “Co-Op” plans that have failed under the Affordable care Act.

As reported in [Bloomberg](http://www.bloomberg.com/news/articles/2015-09-03/for-health-insurance-startup-oscar-cute-ads-only-go-so-far) [8], health plans are trying to cope with the losses by merging:  Anthem agreed to buy Cigna for $48 billion; Aetna struck a $35 billion deal for Humana; and Centene said it will acquire Health Net for $6.3 billion.”

**Stay Tuned**

Stay tuned as BenefitMall will continue to keep you how health plan commission payments are changing for exchange and non-exchange plans.

*The views expressed in this post do not necessarily reflect the official policy, position, or opinions of BenefitMall. This update is provided for informational purposes. Please consult with a licensed accountant or attorney regarding any legal and tax matters discussed herein.*

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