

**House Insurance Committee
House Bill 6432 testimony
Blue Cross Blue Shield of Michigan
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Chairman Theis and members of the committee –

Thank you for your consideration of House Bill 6432. This important piece of legislation provides necessary updates to the Health Benefit Agent act to make purchasing insurance products easier and more consumer friendly.

The Health Benefit Agent Act (HBAA), PA 252 of 1986, has remained unchanged since its enactment more than 30 years ago. When this act was signed into law, HMOs were in their infancy, there were far fewer products and carriers in the marketplace, and health insurance, in general, consisted mainly of major medical coverage, workers compensation and disability policies.

Today, the financial risk of health events extends beyond the protection traditionally offered by major medical insurance and the insurance industry has taken significant steps to ensure there are products available to help protect consumers from unexpected accidents and illnesses. Unfortunately, the HBAA does not reflect these marketplace changes and contains provisions that are overly restrictive, outdated and of little benefit to the consumer.

Specifically, this legislation makes two important updates: requires anyone selling health insurance to be licensed as an agent - even employees of a health benefit corporation; and allows an employee of a health benefit corporation or an affiliate to sell insurance, also requiring the employee to be licensed as an agent.

While the HBAA currently allows employees of health benefit corporations and their affiliates to sell their company's insurance products, it prohibits them from selling other insurance products—even if they are a licensed agent. This archaic prohibition prevents consumers from purchasing a complete insurance solution using a single point of contact.

Updating the act to allow employees of health benefit corporations to offer these wholistic solutions will give consumers the convenience that they have come to expect in today's marketplace and from other lines of insurance.

To ensure the integrity of the HBAA and add an enhanced level of consumer protection, the proposed changes also include updates requiring that an employee of a health benefit corporation be licensed as an agent. This important consumer protection, which does not exist today, will ensure that health benefit corporation employees are subject to the same set of standards as other health benefit agents.

Blue Cross relationships with agents are well established and highly valued and are consistent with national trends. Depending on the type of insurance, more than 50 percent of policies are sold by agents today, and for some lines, it is as high as 100 percent. These numbers have been consistent over the last several years, and we view agents as needed, trusted partners for years to come.