

How to **PROSPER** as a Health Insurance Agent,

REGARDLESS of Healthcare Reform!

One of the most heated arguments in recent memory, and ongoing, centers around the subject of Healthcare Reform. In recent months, the news media has reported it to be a near certainty to pass, then all but dead, and as of March 11, 2010, likely to emerge in some compromised form. Regardless of your personal opinion on the subject, there seems to be no guarantees of any particular result. (*Unless you have a crystal ball, in which case I will pay you a small fortune to borrow it for 10 minutes!*)

In 32 years in the insurance industry, I have never seen more '*paralysis from analysis*' on the part of agents; a near collective '*deer in the headlights look*' as we try to determine what, if any, actions to take to preserve our insurance practices. I have strong reason to believe that there IS a strategy that will enable you to not only survive, but to THRIVE, if implemented TODAY, one that can be successfully applied in the current environment, and one that will solidify or improve you practice if and when Healthcare Reform, in either comprehensive or compromised form, should pass!

While I have attempted to scrub away as much personal opinion and political bias as possible, you may detect a small bit seep through. I ask you only to evaluate the information and personal opinion delivered here by your own experience. The ultimate determination of its credibility lies with you. I would also like to make it perfectly clear that I will not attempt to express the relative merit of any scenario. I will leave it to you to conclude what is in the best interest of the USA. I am simply evaluating the various potentialities from the singular perspective of your health insurance practice, and suggesting logical methods by which we can anticipate both financial survival and even financial success for those of us willing to incorporate new ideas and EXISTING PRODUCT(S) into our offerings!

In a world where we are either 'pregnant or not' or 'alone or with somebody,' the following statement seems irrefutable: "**Either comprehensive Healthcare Reform WILL PASS, it WON'T PASS, or some watered down compromise bill will pass.**" *What other options are there?* Let's take a politically unbiased look at each, as see what logical conclusions can be drawn, based upon history. The order in which they are discussed has no bearing on the author's opinion of likelihood of occurrence. *We need to prepare for each and every contingency, as the success of our professional careers depends upon it.*

POSSIBILITY NUMBER ONE: Healthcare Reform Will NOT Pass.

Recent reports suggest that the popularity of the current administration has fallen considerably in recent months, a trend which appears to be continuing. It would be unnecessary and perhaps inappropriate to speculate as to why, but the fact is not in dispute. At this time, a bipartisan compromise bill seems highly unlikely, and polling numbers across the board suggest that significant anticipated changes will occur as a result of the November elections. So, it is possible that the comprehensive reform will not happen, at least as originally proposed. IF we KNEW that this result would occur, what would we be doing today to optimize our insurance practices?

First of all, you would align ourselves with the highest quality Major Medical plans available from the most sound carriers, **just as you are likely currently doing**. While we are viewing this from the position of Healthcare Reform not passing, that is clearly not certain anywhere, including the minds of our clients/prospects. President Obama stated during a national address that even if the reform bill were to pass THAT DAY that it would take at least 4 years to implement. Thus, it seems likely that we can anticipate the need to continue 'business as usual' for at least that length of time. *How to best do that?*

It has become sadly apparent that the Major Medical products that were once available to virtually anyone healthy enough to qualify have become cost prohibitive to a significant segment of the population. Unless some changes are made, it appears that Major Med will soon become the exclusive 'niche' product of the "healthy AND wealthy," as it will take the combination to both QUALIFY as well as to AFFORD the premiums. A technique that has been used for over 15 years, and that is fast growing in popularity, is to "package" two or more health related policies to provide quality coverage more cost effectively than can be delivered by any single plan. The popular options for plan designs to 'piggyback' with high deductible health plans (qualified and non-qualified) include, Hospital Indemnity, Cancer, and Critical Illness. Let's take a quick look at each, and include their respective "pros and cons."

CANCER: Clearly an expensive disease to treat, when considered from direct or indirect cost perspectives.

Sadly, it is also suffered by a significant percentage of the population. The American Cancer Society (*not insurance industry hype or propaganda*) suggests that one in three females, one in two males, and an immediate family member in three out of four families will suffer from cancer! Clearly this is important coverage and should arguably be included whenever affordability and eligibility allow. At the same time, a relatively **small percentage of total claims**, even hospital claims, are for cancer, so it could be argued that the premium dollars used to purchase a cancer plan might be better applied to lowering the deductible of the Major Med plan, which could deliver a lower financial exposure for virtually all significant claims and/or hospital confinements.

CONCLUSION: A cancer plan would be nice, but will not deliver benefits for a wide spectrum of claims.

CRITICAL ILLNESS: Critical Illness (CI) plans are incredibly beneficial and should be prominently featured in virtually every financial plan, in part for the very conditions discussed earlier with the cancer plan. Even with the significantly expanded 'triggers' for which benefits could be paid, there are all manner of accidents and illnesses that would not trigger a benefit being paid.

CONCLUSION: CI is beneficial and important, but cannot be depended upon to provide benefits for even most, much less all of the conditions that may require a hospital confinement.

HOSPITAL INDEMNITY: There are several plans that will deliver a 'defined benefit' for hospital confinement; most are aggressively underwritten, many get extremely "pricey" by early middle age, and many have limited if any outpatient benefits. Most even limit the other coverage that you may own! There are situations, however, where premium dollars saved by purchasing a higher deductible can be used to purchase Hospital Indemnity (HI) plans that will more than make up the difference in exposure for even an average hospital confinement, and the longer the hospital stay, the lower the ultimate exposure/cost. If the right plan existed, that is one that could be issued to virtually any working person, with a low cost for significant benefits, be triggered by almost any hospital confinement, could be purchased in addition to any other coverage, provide favorable (if any) underwriting, be guaranteed renewable and perhaps provide some limited outpatient benefits in addition to the basic HI benefits, it would be an invaluable tool when building cost effective health insurance packages. Good news, we already have this plan in SC, NC and FL and it could be expanding soon!

CONCLUSION: HI could be the best option for designing "healthcare enhancement" packages that will provide the best combination of catastrophic protection, limited exposure and lowest possible premiums. Should Healthcare Reform not pass, it is unlikely that significant efforts will emerge to address tort reform, eliminate Preexisting condition considerations in underwriting or reduce rampant inflation. HDHP's with HI plans may be our best bet to provide cost effective coverage to the masses.

POSSIBILITY NUMBER TWO - Comprehensive Healthcare Reform WILL Pass

For reasons expressed this is not the most likely scenario, but one that we will briefly consider. By definition, Comprehensive Reform would include the 'Public Option' provided by the government as an alternative to those who did not wish to remain with their private coverage. The ability for private companies to apply traditional 'Pre-X' underwriting would be reduced or completely curtailed, which in and of itself would have to drive up costs. If we stopped right here, it might even appear to provide a slight benefit to the health insurance agent, by business driven our way as an alternative to the heavy fine for not being insured. This is negated by the requirement for an 85% loss ratio, which will leave exactly ZERO of the premium dollar to pay commissions!

Let's reflect back upon the LAST major healthcare reform initiative of the USA. It was Medicare in 1965. How comprehensive is THAT coverage? Are there any Medicare 'supplements' (Medigap) plans being sold? Millions and millions of them, in fact. In addition, millions of beneficiaries have chosen to 'opt out' of original Medicare in favor of an MA or MAPD plan. Virtually all of the post Healthcare Reform policies will have need for additional coverage, and the additional coverage will likely be the only place left to earn a commission.

CONCLUSION: Success in the days following comprehensive Healthcare Reform will necessitate a strong supplemental benefits plan with the versatility of design necessary to 'fill the gaps' in a variety of public as well as Government provided options.

POSSIBILITY NUMBER THREE- Limited Healthcare Reform

At this point in time, with political chicanery already in place, the 'Vegas Line' seems to favor the likelihood that some watered down, compromise laden and likely pork-filled program will be shoved down a reluctant America's throat in the months ahead. Polls show that we, as a whole, do not favor this, but the current administration seems doggedly determined to do so regardless. Will it contain a Public Option, a major point of contention? Not so likely. Will it impose significant restrictions on the ability to consider Pre-X conditions in underwriting? This seems to be almost guaranteed. How about the proposed 85% loss ratio? Unclear, but certainly less likely than with the comprehensive program.

The most likely result here will be the need for companies to provide cost effective benefits with limited or nonexistent underwriting. Look for plans with gaping holes and limitations, just to maintain affordability, as the current legislation mandates as much as a 25% tax/penalty for those failing to maintain what the Government will describe as adequate health insurance. *Historically, this is when supplemental products emerge and flourish.* **Why should this time be any different?**

Books will someday be written on the entire Healthcare Reform issue, in which significantly more factors will be discussed in much richer detail. It seems logical that some form of Tort Reform will eventually be addressed, regardless of its seemingly nonexistent value in the current healthcare equation. With the clarity provided by retrospective evaluation, historians will debate the process ad nauseam. It would be interesting to know, today, exactly how this debate will play out and what changes, if any, and when, will we as insurance agents face.

What if there was a plan of action, a strategy, that was virtually guaranteed to be successful REGARDLESS of what, if any, healthcare reform measures are implemented? IF there was an answer to this question, WHEN would you like to learn the answer? Next year? Next month? How about TODAY?!

When we review all possible contingencies, there seems to be only one common denominator among all three. Simply put, there will need to be significant emphasis placed on SUPPLEMENTAL HEALTHCARE BENEFITS regardless of the ultimate results of healthcare reform legislation!

For the most part, the product development departments of insurance companies are FROZEN! They are figuratively 'sitting on their hands,' JUST LIKE MANY PRODUCERS, waiting to see what will pan out. And rightfully so! IF YOU were a company, could you justify pouring serious amounts into the development of plans that have a great chance of being obsolete before the filing and approval process can even begin? The answer is a clear and resounding NO, and can be heard clearly by the total lack of new health products emerging today!

We need a great health insurance supplement today. We will need one *even more* if and when any form of the proposed healthcare reform legislation were to pass.

GOOD NEWS! IT'S ALREADY HERE!

Well, at least it is in NC, SC and FL. Our special marketing arrangement with PIC allows us to sell their incredible HI product **GUARANTEED ISSUE** from ages 18-69 to anyone actively working 30+ hours, on average, per week. There are minimal, temporary Pre-X limitations, the plan is Guaranteed renewable for so long as the client continues to work, and pays in addition to any other coverage (*except workers comp!*). It doesn't matter what other coverage your client has, it will pay in addition, INCLUDING any new coverage created by healthcare reform legislation. As an agent, you make a strong **commission LEVEL FOR THE LIFE OF THE PLAN!**

So, we can logically conclude that this type of plan is currently viable, useful, ***and changes will only make it more so.*** We have a plan that will give us a chance to significantly improve our product offerings TODAY, and could be even more valuable in post-reform plan designs. Also, it is here TODAY, giving us at least a FOUR YEAR head start over the competition!

It seems that unless you have already picked out your new career, it may be time for us to talk! I will show you how to do WHAT YOU ARE ALREADY DOING featuring the SAME COMPANIES THAT YOU ARE PROMOTING TODAY, to create LESS EXPENSIVE plans with LESS EXPOSURE and increase your PLACEMENT, PERSISTENCY and INCOME in the process!

CALL ME! 800-357-2342

Dr. Michael O. Benke, PhD.
CEO, BMC Agency, Inc.