# Introduction

**Broker of Record**

***A Sales Guide for Group Health Agents***

Welcome! I’m William Hammett, founder of **Hammett Consulting LLC**. We specialize in supporting brokers with detailed knowledge of products like MEC, MEC Plus, and other Affordable Care Act-compliant health plans. This eBook is a tool to help you build your consulting practice using proven tactics and strategies. Mastering these insights will impress business owners and attract new clients with your expertise.

The strategies in this eBook are designed to open doors and create opportunities for brokers who want to stand out from the competition. While I focus on the power of non-traditional products to initiate conversations and generate interest in your consulting services, I’m not suggesting that you limit yourself to these offerings alone. Instead, this approach gives you a unique edge—a way to break through the noise and capture the attention of prospective employers in a way your competitors aren’t. Most brokers rely on outdated sales tactics, making them easy to overlook. Employers and decision-makers are constantly bombarded with generic pitches, leaving little room for differentiation.

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# Chapter 1: Introduction

This eBook provides **innovative, proven methods** to secure meetings, build trust, and establish credibility. By leveraging **rarely used products and concepts**, you position yourself as the broker who brings fresh insights. Once you’ve made that crucial first impression and **set yourself apart from the incumbent broker**, you can seamlessly transition into **more conventional product offerings** and establish long-term client relationships.

***Sales Tip - Don’t let your competition dictate the rules of engagement—use this eBook to take control, create new opportunities, and elevate your sales success. Let’s get started.***

**Who Should Have This Book?**

* **New Agents:** Provides attention-getting tools for new entrants in the retail brokerage space. Our years of expertise are also available to support your sales message
* **Seasoned Professionals:** Offering seasoned brokers fresh strategies to boost client retention and expand their business.
* **Any Brokers** Looking for new and innovative marketing strategies

**What Can You Expect to Learn**

* **Navigating Gatekeepers:** Learn effective tactics to secure appointments.
* **Standing Out:** Learn how to differentiate yourself from the average broker.
* **Building Relationships:** Discover how to create small “starter sales” that evolve into long-term, high-value relationships.

**Have Immediate Success Marketing Your Consulting Practice**

Success in growing your book of business isn’t just about finding prospects—it’s about standing out. With so many brokers competing for attention, differentiation is key to securing access to new clients and building lasting relationships once you have found them.

We have provided numerous brokers with these messaging strategies at **Hammett Consulting**, and I can confidently say that they work. They’re designed to set you apart and engage business owners and decision-makers in a way that sparks interest and drives action. The goal isn’t just to get in the door; it’s to position yourself as the broker offering something valuable and unique.

For example, most brokers rely on repetitive, outdated pitches in a fiercely competitive health insurance market. The industry’s reluctance to innovate means:

* **Outdated Strategies Dominate:** Brokers often adhere to outdated ideas and familiar approaches that fail to capture the interest of employers.
* **Employers Demand Simplicity:** Clients prefer concise, effective solutions over lengthy, complex explanations.
* **Stagnation in Innovation:** This is a very conservative industry, so despite the availability of better methods, many brokers are slow to incorporate new techniques into their sales efforts.

Once you’ve established that connection, the opportunities are endless. From innovative benefits solutions to strategic consulting, you’ll have a platform to introduce products and services that truly matter. ***But first, you need a compelling reason for business owners to listen***—and that’s exactly where these strategies come in.

With the right messaging and approach, you won’t just compete in the market, you’ll redefine it. Let’s ensure you have the tools and insights to rise above the crowd and create real impact**.**

# Chapter 2: Hammett Consulting – Our Value Proposition

**Partnering with Hammett Consulting LLC**

We empower brokers to grow and support their client base. As a General Agency with over 40 years of experience in employee benefits, specifically employer-sponsored group health insurance, we offer unparalleled sales and marketing support. ***We don’t sell anything but our support for you and your group clients.***

Our role is that of a wholesale agency, conducting thorough research and providing specialized knowledge that helps brokers differentiate themselves from the competition. We do not work directly with employers; we support brokers by equipping them with the tools and insights needed to impress prospective clients.

**Key Benefits of Partnering with Us:**

* **Expertise and Experience:** With decades of experience, we offer deep insights into complex insurance products, including MEC and MEC Plus Affordable Care Act-compliant health plans.
* **Hands-on Assistance:** We can attend new product presentations as needed or upon request. We help design enrollment materials and actively participate in the training of both management employees and business owners (train the trainer)
* **No Cost:** Our services are provided at no cost to brokers, as the selected carrier compensates us. This means no higher premiums or lower commissions for you.
* **Differentiation:** We provide practical tools to help brokers differentiate themselves from others, increasing the chances of replacing incumbent brokers by showcasing unique knowledge and expertise.
* **Prospecting Support:** Our support begins in the prospecting stage, providing brokers with questions and guidance to help secure critical appointments with employers.
* **Trust and Business Acquisition:** By leveraging our strategies, brokers can establish trust with employers and potentially secure their business as the broker of record.

In this age of specialization, **Hammett Consulting** specializes in products tailored for lower-wage employees in the service trades, ensuring that brokers can offer suitable solutions to diverse clients.

# Chapter 3: Step One - Understanding Your Prospect

**The 95% 5% Effect & Resulting Sales Strategies**

Why do increasing numbers of employees view their employer-sponsored health insurance plans as having poor value, failing to meet their needs?

**Here’s What We Think**

In the early days of health insurance, group-sponsored health insurance plans were designed to provide integrated access to basic medical services. This benefited the majority of employees, 95%. Higher-risk employees (the 5%) paid a greater share of the cost for their more costly services. However, this ratio inverted during the 80s and 90s, with the evolution of managed care. We do not see that group health plans are designed to protect the 5% from financial ruin, shifting the cost burden to 95% with higher premiums, deductibles, and cost-sharing.

**The Doughnut Hole and Backward Incentives**

In previous years, plans like the “base-plus” offered first-dollar coverage for basic services, with cost-sharing kicking in after a certain threshold. This “doughnut hole” approach provided high perceived value and discouraged overutilization, but did not block moderate utilization like today’s plans.

**The Affordable Care Act and Its Impact**

The ACA eliminated pre-existing condition limits and established exchanges for primary medical coverage. This law opened the door for employers to sponsor MEC plans (first-dollar limited benefit plans for the 95% of healthy workers). Although MEC plans are mostly embraced by low-wage workers (due to the first-dollar aspect of the plans), these plans are much less attractive to the high-risk 5%. If needed, critical illness or lump sum indemnity coverage can help offset dissatisfaction or serve as a buffer to facilitate a smooth transition for employees to private or state exchange coverage. We have recommended this strategy in certain situations to protect high-risk employees while satisfying most of the group with normal, modest claims experience.

**High-End Indemnity Plan Strategies**

Some MEC plan sponsors can offer options with significantly more extensive hospital and surgical coverage on a first-dollar basis, recreating the doughnut hole incentive. High-risk employees can be guided to outside coverage, and employers can supplement their income to match contributions for employer-sponsored plans. This is a somewhat “under the radar” approach, which we have suggested as a reasonable alternative to rising major medical pricing. So far, it has only reached the discussion stage with most employers.

**Buyer Motivations**

Employers are traditionally driven by three key dynamics:

* **Fear of Loss:** From government-levied penalties and regulations, as well as employee demands.
* **Profit:** The desire to reduce unnecessary costs, employee retention, and narrow margins.
* **Time:** Employers want solutions from their insurance consultants, and have no time to waste on stale sales pitches they have heard before

By asking concise and impactful questions that highlight the risks of poor benefit planning or inadequate budget optimization, you can address fundamental concerns and leverage them to your advantage.

Thoughtful questions, paired with a no-obligation offer to review their current benefit solutions, can open the door to new client opportunities without coming across as a sales pitch. Ultimately, you’re simply offering help where needed.

**Industry Trends & Opportunities**

**Reviewing How Group Insurance Has Evolved**

* **From Majority to High-Risk Focus:** Initially, group insurance was designed to serve the best interests of most employees (about 80 to 90%). Today, due to the high cost of benefits, relatively few employees are served (5%). Health insurance increasingly focuses plan designs on those with chronic conditions.
* **Cost Sharing Shifts:** Higher deductibles and coinsurance benefit higher earners, while hourly workers face challenges in accessing basic care. Advent of the first dollar plans
* **Emergence of First-Dollar Benefit Plans:** Since the ACA’s enactment, employers in low-wage industries favor plans that minimize out-of-pocket costs, even if it means sacrificing some catastrophic benefits.
* **What Hourly or Lower Wage Workers Prefer:** Through numerous surveys and practical experience, it has become very obvious that most service sector employees prefer limited medical coverage (coverage that pays first dollar but limits catastrophic coverage) to the more traditional major medical or HMO plans

# Chapter 4: Prospecting for Appointments

**Want More Prospect Appointments? Use These Probing Questions**

**NOTE:** Most of your competitors (brokers seeking new clients) have no real detailed knowledge or expertise in this area; use them, and you immediately have an advantage

1. **Employee Coverage**: Do you employ over 50 hourly or part-time employees working 30-40 hours per week? If yes, do you offer them a MEC (Minimum Essential Coverage) or an MVP (Minimum Value Plan)?
2. **MEC Plan Details**: Does your MEC plan include a supplementary indemnity benefit, or is it MEC only? (Note: If they pay under $60 per month, it’s a MEC only.)
3. **MVP Enrollment**: Does your MVP plan have any enrolled employees? (This is a red flag for follow-up.) Offering an MVP by itself is a red flag
4. **MVP May Not Be Necessary or Wise** – Explain the reasons and suggest it can be optional, rather than necessary. Would they like more details?
5. **Claims Surplus**: Does your MEC plan return all unused claims surplus to you? (Another red flag if it does not return 100%, which many of them do not)
6. **Administrative Service**: Have you experienced poor administrative service from the carrier or TPA sponsoring your MEC or MVP programs? Another opening for follow-up. Excellent service should be expected

**Comments/Analysis if Prospect Wants Details on Any of The Above**

1. **Identifying Compliance**: Determine if the employer uses *MEC Only* to comply with ACA mandates. If not, ask how they comply with ACA requirements. Discuss replacing unnecessary MVP plans with MEC plus indemnity options.
2. **MEC Only**: The MEC-only option may be overpriced. Claims typically run $12-$15 per covered employee per month. For better value, I suggest replacing MEC only with MEC plus insured indemnity.
3. **MVP Plan Critique**: Highlight the drawbacks of MVP plans, including reinsurance underwriting restrictions and unnecessary costs. Emphasize the minimal need for an MVP due to low enrollment rates.
4. **Reference-Based Pricing**: \**See Appendix II (end of this book)* – This is a very big red flag that could provide a considerable opportunity to reflect poorly on the incumbent broker
5. **Claims Surplus Management**: Many MEC plans do not return unused claims dollars or only partially refund them, resulting in overfunding. A quality MEC plan sponsor will return 100% of all unused claims dollars (after IBNR)
6. **Service Quality**: Poor service from TPAs is ubiquitous but need not be expected. Use this as an opportunity to discuss improving plan administration, as it is intolerable; although many employers assume poor quality comes with the low price.

# Chapter 5: Tips for Growing Your Book

***Note: The plans and strategies in this section are a much better fit for service industry employers (food, retail, agricultural, and assisted living) with low to moderate-wage employees.***

**Identifying the Right Prospects**

Start by targeting businesses that are most likely to be more responsive to your questions. Evaluate prospects based on:

* **Company Size & Industry**
* **Employee Count**
* **Workforce Characteristics**

**Establishing Trust & Rapport** (Using the question outlined in Chapter 4)

Before jumping into a sales pitch:

* **Ask Chapter 4 Questions to Discover Pain Points:** Use thoughtful questions to uncover common mistakes in benefits selection.
* **Employer Mandate - Emphasize Selective Compliance:** Highlight how Affordable Care Act compliance can save employers from costly IRS penalties (in California)
* **Are All Penalties the Same?** – Why it can be a sound strategy to actually ignore some of the mandate requirements (this will be intriguing enough to start a conversation all by itself, which is what you want to do) Later, we will discuss the theory of ignoring the so-called “B penalty” for Minimum Value

**Tailoring Insurance Solutions**

Recognize that one size doesn’t fit all:

* **Different Needs for Different Employees:** Salaried and hourly employees have distinct priorities and are mostly not the same thing.
* **Retention Considerations:** Understand how benefits impact employee retention and overall satisfaction. Note that the cost of turnover is almost always much greater than the cost of providing health insurance benefits.

**Navigating Objections**

Transform objections into opportunities by:

* **Conducting a Consultation:** Instead of forcing a pitch, reframe the conversation to demonstrate how your insights protect and enhance employer benefits.

**Securing the Appointment**

Your goal is to build relationships, not just get an appointment. First:

* **Ask the Right Questions (Chapter 4)**
* **Provide Valuable Information (using the Fear of Loss motivation)**
* **Showcase Your Expertise (Finding niche products to share)**

By asking questions, you naturally create opportunities for lasting engagement and future business success, without sounding like a sales pitch.

**Let’s Review:**

**Identify Targeted Clients/Prospects**

* Medium-sized employers (50 to 1000 hourly employees working 30+ hours per week)
* Employers with 50% medium to low-wage blue-collar employees
* Service employers: Food services, hospitality, agriculture, nursing homes
* Light manufacturing or retail
* Franchise owner groups or single owners, multiple franchises

**Look Smarter than the Current Broker**. Ask the following questions

1. Do you have more than 50% turnover in your hourly workforce?
2. Do you offer these hourly workers a MEC (Minimum Essential Coverage) or MVP (Minimum Value Plan)?
3. Are your ACA plans MEC only? (Likely paying too much)
4. Does your MVP plan have any enrolled employees? Are you sure it includes reinsurance?
5. Does your MEC plan return unused claims after runout?
6. Have you experienced poor customer support or generally bad administration?

**Provide a Complimentary ACA review and assessment (Hammett Consulting Participation)**

* Review hours of service and look-back analysis to determine if the group is an ALE (Applicable Large Employer).
* Review hours of service and look-back analysis to determine if the group is an ALE (Applicable Large Employer) and whether separate entities should be grouped for ALE.
* Review Forms 1094-C and 1095-C for accuracy.
* Project likely IRS exposure based on prior compliance strategies.
* Provide a complimentary benefits analysis, emphasizing risk and expenses (we also provide this for you).
* Guarantee ongoing monitoring of the above services.

# Chapter 6: Lead Products – The Key to Open Doors

**MEC & MVP, Direct Primary Care, and ICHRA**

**Know What You Don’t Know**

Many employers—and their consultants—often lack hands-on experience with non-traditional coverage options such as MEC (Minimum Essential Coverage), MVP (Minimum Value Plans), Direct Primary Care, and ICHRA. This section will give you insights to evaluate and rank these plans effectively. By mastering these modern options, you can offer innovative solutions that set you apart from competitors and create new opportunities for appointments and sales.

**Important Reminder for Your Prospective Client:** Employers with 50 or more full-time equivalent employees must comply with the Affordable Care Act to avoid penalties. Here’s an updated breakdown for 2025:

* **Strong Penalty (aka Sledgehammer):** Employers must offer MEC to at least 95% of full-time employees and their dependent children (spouses are excluded). Failure to comply results in a penalty of **$3,060 per full-time employee** (after the first 30).
* **Weak Penalty (Optional):** Health plans must provide minimum value (cover at least 60% of healthcare costs) and satisfy affordability standards (employee-only coverage contributions capped at **8.39% of expected household income**). Non-compliance leads to a **non-deductible $4,750 penalty per employee** who opts for subsidized coverage via the Exchange.
* **Employee (individual) Mandate:** Which applies to California Residents ONLY

**Know these Common MEC Delivery Platforms MEC and MEC Derivatives:**

This marketplace has undergone significant evolution since the first MEC solutions emerged in 2012. Below is a synopsis of the major categories and variations.

**Target Markets for Limited Med, MEC and MEC Derivatives:**

1. 10-49 Full-Time Employees (Limited Med, minus MEC)
2. 50-499 Full-Time Employees (MEC Plus)
3. 1099 Contractors
4. Part-Time or Temporary Employees (Full-Time Equivalents)

**Three Primary MEC Plan Sponsors:**

1. Traditional Insurance Companies Direct to Market Plans
2. Insurance Company Captives/Cells
3. Aggregators
4. Third Party Administrators (TPAs)

**MEC Plan Types:**

1. MEC Plus Indemnity
2. MEC Plus Self-Insured (Copay Plans)
3. MEC Plus Minimum Value
4. MEC Only
5. MEC Plus Direct Primary Care (DPC)

**Target Markets:** The primary market for MEC plans is employers with 50 or more hourly workers. However, MEC products are also popular among under-50 and part-time markets, especially post-COVID-19, as service sector employers seek to attract and retain hourly workers.

**Plan Sponsors:**

1. **Insurance Direct**: Pan American Life, the first to offer MEC plans, provides comprehensive services from a single platform, offering better value for the premium dollar. To our knowledge, the ONLY A-rated carrier to deliver direct to market MEC
2. **Aggregators**: Private plan sponsors assemble health plan components from various sources, offering flexibility but often at a lower value due to a lack of joint ownership of plan components and the loss of economies of scale.
3. **TPAs**: Aggressive in the early growth of MEC plans, TPAs offer self-funded limited-risk MEC plans but may mark up administrative services too high, making them less cost-effective. These plans may also be cells or captives of a larger plan sponsor or carrier.

**Plan Types:**

1. **MEC Plus Indemnity**: Self-funds preventive services and supplements with illness-driven coverage, utilizing a dollar-based approach to avoid inflationary trends.
2. **MEC Plus Self-Insured (Copay Plans)**: Covers required preventive services with copayments for additional care, familiar to most users.
3. **MEC Plus Minimum Value**: Complies with ACA’s Minimum Value standard but may be more costly than the penalty for non-compliance.
4. **MEC Only**: Least expensive compliance option, but risks employees seeking subsidized plans, triggering penalties.
5. **MEC Plus Direct Primary Care (DPC)**: Offers unlimited doctor visits and chronic care management but note that network access may be limited.

**Contribution Strategies:**

* **50% Contribution**: Achieves 20-25% participation.
* **75% Contribution**: Achieves 40-60% participation.
* **100% Contribution**: Achieves around 70% participation, with some employees declining due to other coverage.

**Minimum Enrollment Requirements:** Plan sponsors often require minimum enrollment numbers, not percentages. For example, a group size of 75 with a 50% contribution may enroll around 15 employees, potentially below the minimum required.

***Sales Tip:*** *Evaluate the easiest replacement plans (typically, Private and TPA options).*

Leveraging this differentiation can help secure appointments and, ultimately, the Broker of Record.

**1. Private Label Captive (Aggregated Service) Plans**

* **Overview:** These plans are inherently costlier due to multiple layers of administration and the profit margins required by non-insurance entities.
* **Impact:** Lacking in-house administrative support, they often result in inefficiencies and higher overall costs compared to single-platform health plans.

**2. TPA Sponsored Plans**

* **Overview:** Third-Party Administrators (TPAs) often outsource many customer-related services, leading to elevated administrative expenses.
* **Impact:** The added cost of contracting for routine medical services usually makes these plans less cost-effective than direct insurer-sponsored options.

**3. Insurance Company Direct-to-Market Plans (Preferred)**

* **Overview:** These plans offer superior value through the benefits of economies of scale and dedicated customer support teams.
* **Impact:** With in-house expertise and lower margins, direct-to-market plans provide better service and cost efficiency.
* **Note:** Although generally the best option, some insurance carriers may partially outsource their services, potentially diluting these advantages.

**Value-Added Components of a Quality MEC Plan**

If these are missing from the current plan, this is another opportunity to poke holes in the job the current broker is doing, setting the stage for you to take the BOR

* **Claims Negotiators:** Robust negotiation tactics can significantly reduce balance billing, offering additional savings without raising premiums.
* **Monthly Reinsurance Agreement:** Monthly (aggregate) reinsurance ensures that funds are available to cover claims, preventing unexpected shortfalls and ensuring smooth plan performance throughout the year.
* **Return of Unused Claims Funding:** A sound MEC plan will return all unused employer contributions (after deducting fixed or administrative expenses), providing a measurable reduction in the overall cost of the sponsored plan.
* **Copay Plans vs. Fixed Indemnity:**
* **Copay Plans with PPO Networks:** Offer a familiar structure with fixed upfront payments and full reimbursement once copays are met.
* **Copay with Reference-Based Pricing:** Unlike PPO network plans, copays may not result in full payment, as RBC reimbursements are often significantly less than PPO reimbursements.
* **Fixed Indemnity Plans:** Provide pre-defined, lump-sum payments for specific services, regardless of the actual cost, offering predictability and control over expenses. Balances are often not collected, resulting in added benefits. Also, full payment is always made, even if the billed charges are LESS than the benefit amount. PPO contract demands that providers accept assignment, avoiding the “pay upfront” and reimbursement issue.

**Sales Tip** – *Remember, any of the above value-added services that are missing from the current plan present an opening for you to discuss plans that do provide these services*

**Minimum Value Myth** (Why they are NOT necessary)

Prospective clients who offer Minimum Value Plans are great targets to approach with the concept of eliminating this coverage for the benefit of all parties. Here are some reasons why (these constitute valuable talking points in your prospecting activities)

Generally, Minimum Value coverage is less favored due to low employee uptake and higher costs for employers compared to potential penalties. High-quality MEC plans are preferred, especially when employers contribute most or all of the premium.

**Warning:** Employers should avoid MEC-only options from TPAs. Their high administrative fees and low perceived value often drive employees towards state or federal exchanges, resulting in less effective coverage and higher risks for employers.

**Direct Primary Care & ICHRA: Innovative Health Benefit Models**

**Introduction:** The Rise of Direct Primary Care

Direct Primary Care (DPC) is revolutionizing healthcare delivery in the United States. By shifting away from traditional, insurance-based models, DPC grants patients direct, membership-based access to primary care—offering affordable, convenient, and personalized services.

**What Is Direct Primary Care?**

DPC is a healthcare model where patients pay a flat monthly fee for **unlimited access** to primary care services. By eliminating insurance billing, physicians can concentrate solely on patient care rather than administrative concerns.

**Benefits of DPC Programs**

* **Cost Transparency:** Flat-rate memberships eliminate surprise bills and copays.
* **Unrestricted Access:** Enjoy unlimited visits, direct communication with physicians, and same- or next-day appointments.
* **Personalized Care:** Smaller patient panels ensure that doctors can tailor treatments and spend more time with each patient.
* **Reduced Administrative Burden:** With less focus on billing and paperwork, physicians can deliver more efficient, quality care.

**How DPC Differs from Traditional Models**

In conventional healthcare, providers bill insurance companies for each visit or procedure, adding layers of cost and administrative work. In contrast, DPC bypasses insurance, delivering direct, affordable care geared toward routine medical needs.

**A DPC Model in Action**

**One of our Preferred DPC Plans** exemplifies a hybrid DPC model, offering nationwide primary care access through affordable monthly memberships. Rather than requiring patients to switch doctors, most work with providers nationwide.

**Key Features of Our Preferred DPC**

* **Nationwide Physician Network:** Access primary care providers across multiple states.
* **Virtual & In-Person Visits:** Combines telemedicine with traditional doctor visits for optimal flexibility.
* **Chronic Condition Management:** Provides ongoing support for chronic conditions without resorting to costly insurance claims.
* **Low-Cost Memberships:** Facilitates high-quality healthcare access for both businesses and employees.

**Challenges & Limitations of DPC**

While DPC offers significant advantages, it isn’t a complete substitute for comprehensive insurance. Patients may still need traditional coverage for specialist care, hospitalizations, or catastrophic events. Employers and individuals should evaluate supplemental insurance options to ensure broader protection.

**Conclusion: The Future of Direct Primary Care**

DPC is transforming the doctor-patient relationship by lowering costs and improving access to primary care. DPC is poised to play a pivotal role in future healthcare reform, delivering quality care while reducing reliance on traditional insurance systems.

**Individual Coverage Health Reimbursement Arrangement (ICHRA)**

***Sales Tip:*** *While ICHRA may not always be a perfect alternative, mentioning it during sales calls can serve as an effective attention-grabber and can help secure appointments with decision-makers.*

**Introduction to ICHRA**

The Individual Coverage Health Reimbursement Arrangement (ICHRA) is a modern, flexible approach to health benefits. Introduced in 2020, ICHRA enables employers to reimburse employees for individual health insurance premiums and qualified medical expenses on a tax-free basis—offering an alternative to standard group health plans.

**How ICHRA Works**

1. **Plan Design:**
* Employers define eligibility criteria and set reimbursement limits.
1. **Employee Enrollment:**
* Employees select individual health insurance plans that best meet their needs.
1. **Reimbursement Process:**
* Employees submit claims for reimbursement, and employers process valid claims based on the established limits.

**Benefits of ICHRA**

* **Flexibility:** Customizable to accommodate different classes of employees.
* **Cost Control:** Employers can establish a fixed budget for health benefits, avoiding the unpredictability of traditional group plans.
* **Employee Choice:** Allows employees the freedom to select the insurance plan that best suits their unique needs.

**Compliance and Administration**

* **Annual Notice Requirement:** Employers must provide an annual notification that details the ICHRA plan and its effect on premium tax credits.
* **Opt-Out Provision:** Employees must be offered the option to opt out of the ICHRA once a year.

# Chapter 7: Story Telling: Spice up Your Presentation

**The Power of Storytelling** Engage your prospects with real-world examples:

* **Real Scenarios:** Share stories of employers who faced penalties, audits, or high turnover due to ineffective benefit strategies.
* **Building Credibility:** These narratives validate your expertise and demonstrate how your approach can prevent similar pitfalls.

**Premise:** A client company in Florida spun off from its management company, creating a need for a new benefits plan for its employees. Previously, the group was covered by a primary medical provider, but now operating independently, struggled to find a reasonably priced major medical plan. The quotes received were over $900 per month in premiums for eligible employees, a rate more than twice the amount the group had been paying previously.

**Solution:** One of our preferred *Enhanced MEC* carriers designed a satisfactory, outside-the-box benefits solution: an **Enhanced Minimum Essential Coverage** (EMEC) base and buy-up plan with monthly premium rates ranging from $419 to $495 per member— half the cost of what traditional medical providers were able to offer to this company, which was new to the benefits marketplace. The solutions offered are a good fit for many types of clients who face costly major medical premiums. Working with this *Enhanced MEC* carrier allowed the plan sponsor to avoid the 4980H(a) penalty under the Affordable Care Act (ACA) while still providing benefits that were satisfactory to their employees.

**Results:** The plan sponsor decided to contribute 87% for both plans with the expectation that 80 eligible employees would enroll. Enrollment surpassed expectations due to the affordability and richness of the benefits offered, with 116 individuals enrolling, resulting in an annual premium of approximately $ 763,000. The group’s leadership remains very pleased with the plan, enrollment, group set-up, and service offered each step of the way. This group was written by one of our newer brokers, who was so pleased with the experience that she has referred several other producers within the same agency to us.

**How It Works:** The Enhanced MEC (EMEC) is a self-funded/level-funded, Affordable Care Act (ACA)-compliant plan that provides 100% preventive coverage and additional benefits with copays for primary care visits, specialty care visits, urgent care visits, outpatient diagnostic labs, outpatient diagnostic x-rays, imaging, minor surgery, and more.

Hammett Consulting packages EMEC plans with a fully insured fixed indemnity plan, providing members with meaningful first-dollar benefits. And, importantly, the self-funded plan is offered on a level-funding basis to protect the employer from any financial surprises. The fixed indemnity plan pays fixed amounts for specific medical services and care. These plans are structured as “excepted benefits” that are not subject to the ACA’s insurance market reforms.

***Sales Tip*** *- An American Health Insurance Professionals (AHIP) study showed 92% of Americans who have fixed indemnity plans are satisfied with their coverage.*

**Highlights For Members:**

• Self-funded/level-funded EMEC plan

• Preventive care benefits are covered 100% in-network

• Includes additional benefits with copays

• Guaranteed Issue: no pre-existing condition limitations

• No deductible

• Prescription drug card

• Medical accident with accidental death and dismemberment coverage

• Global repatriation

• Telemedicine with no cost consults 24/7/365 for entire family

• Access to a respected, nationwide PPO network Highlights for Plan Sponsors:

• Satisfies the employer mandate to offer MEC coverage (a $2,900 “A” tax penalty in 2025)

• Knowledgeable, experienced administration support to help employers ensure they avoid marketplace penalties

• Financial stability: Our preferred carrier holds a Financial Strength Rating of A (Strong) and A (Excellent), both with a stable outlook, from Fitch Ratings and AM Best

• COBRA eligible

• Two-year rate guarantee

• Minimum participation: 25 enrolled

• Includes aggregate stop loss coverage

• Includes monthly aggregate accommodation

# Chapter 8: Surefire Ways to Outshine Your Competition

**Tips for Outshining the Incumbent Broker: A Smarter Strategy**

The most effective way to win new business is to demonstrate insights that your competitors lack. For example, introducing the EMAC (from the last chapter) or rethinking the Minimum Value Plan (MVP) offers a clear opportunity to stand apart:

* **Eliminate Unnecessary Costs:** Instead of accepting MVP as a given, explain why it may result in avoidable expenses.
* **Enhance Employer Protection:** Advise clients on the benefits of strengthening their MEC with first-dollar benefits, offering superior coverage without incurring the risks associated with an MVP.
* **Challenge Conventional Thinking:** Position yourself as a forward-thinking expert who offers innovative, compliance-based solutions rather than relying on outdated strategies.

**How Does This Get You the New Client?**

You build trust with employers by showcasing your more profound understanding and highlighting the shortcomings of the incumbent broker’s approach. They’ll recognize that their current broker might be exposing them to unnecessary costs and risks, making a transition to your services the obvious and cost-saving choice.

**Effective Ways to Outperform the Incumbent & Secure New Clients**

**Step 1: Identify Ideal Prospects**

Target businesses are most likely to benefit from your expertise. Focus on employers with these characteristics:

* **Company Size & Workforce:** Medium-sized companies (50–1,000 hourly employees) with staff working 30+ hours per week.
* **Employee Demographics:** At least 50% medium- to low-wage blue-collar employees.
* **Industries:** Food services, hospitality, agriculture, nursing homes, light manufacturing, and retail.
* **Franchise Models:** Franchise owners or operators with multi-unit franchises.

**Step 2: Expose Weaknesses in the Incumbent Broker’s Strategy**

Ask probing, revealing questions that highlight inefficiencies and compliance risks:

1. **Turnover Challenges:** Is their hourly workforce turnover higher than 50%?
2. **Employee Count:** Do they have over 100 hourly or part-time workers?
3. **Benefit Plan Offering:** Are hourly workers covered under a MEC or MVP?
4. **MEC Plan Costs:** Are they overpaying for MEC-only plans?
5. **MVP Plan Enrollment:** Does the MVP plan have actual enrollees? Is there sufficient reinsurance to mitigate risk?
6. **Claims Management:** Does their MEC plan return unused claims, or is money wasted?
7. **Service & Administration:** Have they experienced poor customer support or subpar plan administration?

**Step 3: Offer to Take Action & Correct Compliance Mistakes**

After identifying the gaps, offer a complimentary ACA review and compliance assessment to establish credibility and provide immediate value. Your assessment should include:

* Determining ALE (Applicable Large Employer) status by reviewing service hours and grouping considerations.
* Auditing 1094-C & 1095-C filings to ensure accuracy and avoid IRS penalties.
* Projecting potential IRS exposure based on past compliance strategies.
* Delivering a detailed benefits analysis focusing on cost savings and risk management.
* Offering ongoing compliance monitoring to protect the business.
* Leveraging tax credits to offset costs and unlock additional financial benefits.

**Final Takeaway: Why Employers Will Want to Work with You**

You position yourself as the expert by targeting the hidden inefficiencies, compliance gaps, and cost-saving opportunities that the incumbent broker has ignored. Your insights and advanced solutions give you the leverage to secure new relationships and replace existing brokers, ultimately delivering greater value and protection to your clients.

# Chapter 9 – Why We Are Your Partner in Bringing All This Off

**Implementing These Strategies for Success**

*Sales Tip - Before applying these techniques, we strongly suggest scheduling a no-obligation call with* ***Hammett Consulting****, a trusted third-party General Agency. This conversation will:*

* Reinforce the strategies outlined throughout this eBook.
* Provide real-world examples of successful techniques implemented by brokers who have scaled their businesses with our assistance.



**Why Hammett Consulting?**

Hammett Consulting specializes in innovative solutions for service-sector employees. Under the leadership of William Hammett, over the last 14 years, we have guided hundreds of brokerage firms through ACA compliance and alternative benefits strategies across diverse industries.

**What Sets Us Apart?**

**Experience** We are pioneers and early adopters in developing MEC and MEC Plus-related plans since 2010. As an original member of the advisory board of Pan American Life, we helped invent the MEC Plan.

**Independence**. Our relationship with brokers is collaborative and free of obligation or exclusivity. We are entirely independent and not beholden to any carrier or plan sponsor.

**Compensation**: Our time and services are FREE. We are compensated through overrides allocated from the carrier/plan sponsor’s discretionary funds. These overrides do not affect broker commissions or employer premiums. Our services are unlimited to you and your clients.

**Scope of Our Services**:

1. Product recommendations and reviews (Not all solutions are what they appear)
2. Strategy and training for brokers, employer clients, and support staff (Train the trainer)
3. Sales strategies and tools to acquire new clients (Example: This book)

**How to Get Started**

Once you have identified a prospect, Hammett Consulting will:

* Draft a comprehensive analysis of existing benefit plans.
* Develop alternative solutions with side-by-side comparisons.
* Continuously monitor and evaluate the market to identify best-in-class offerings and potential legislative threats on the horizon.

Partnering with us unlocks new appointment opportunities, improves sales performance, and fosters overall business growth. Elevate your agency’s success and establish your reputation as a trusted benefits advisor.

**Why Partner with a Specialty General Agency?**

Hammett Consulting offers **unmatched expertise** and a **strategic advantage** to insurance agents and agencies navigating the **mid-to-large size market**. As an **independent agency**, we focus exclusively on **helping brokers succeed**, providing tailored solutions that give you the competitive edge.

Are you ready to elevate your **brokerage success** and outshine competitors? Let’s talk about how Hammett Consulting can help you **close more deals** and expand your market presence!



*Hammett Consulting - The Broker’s Broker*

**Contact Us**

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**Appendix I - Affordable Care Act (ACA) Overview**

**Introduction**

* Enacted in 2010, the ACA aims to increase health insurance coverage and affordability.
1. **Applicable Large Employers (ALEs)**
* Defined as employers with 50 or more full-time equivalent employees

**Impact on ALE Employers**

1. **Employer Shared Responsibility Provisions**
* ALEs must offer minimum essential coverage to at least 95% of full-time employees and their dependents
* Coverage must be affordable, with employee contributions for individual coverage not exceeding a specific percentage of household income
1. **Reporting Requirements**
* ALEs must file Forms 1094-C and 1095-C with the IRS
* Provide statements to full-time employees about their health coverage
1. **Penalties for Non-Compliance**
* ALEs face shared responsibility payments to the IRS if they fail to meet

**States Enforcing the Individual Mandate**

1. **California**
2. **Massachusetts**
3. **New Jersey**
4. **Rhode Island**
5. **Vermont** (Note: Vermont’s mandate does not include a penalty for non-compliance)
6. **District of Columbia**

**MEC Only, Minimum Value, and MEC Plus: Which is Best?**

To project which options are truly the best to lead with, it’s crucial to revisit benefit options that comply with the Affordable Care Act (ACA) and serve as effective recruitment tools for hourly workers. Here’s a summary of the three main options:

**MEC Only**

* **Description**: Minimum Essential Coverage (MEC) plans are low-cost solutions ($40-$60) that meet the employer mandate.
* **Pros**: Complies with ACA requirements.
* **Cons**: Poor value, high administrative costs, no accident or illness coverage, potentially triggering the B penalty if employees seek subsidized coverage.

**Minimum Value Plan (MVP)**

* **Description**: MVPs meet all IRC penalty codes and provide comprehensive coverage but come with higher costs and risks.
* **Pros**: Avoids penalties, offers comprehensive coverage.
* **Cons**: High premium and funding costs, risk of invalidation and catastrophic claims exposure, requires additional insured benefits to prevent B penalty.

**MEC Plus**

* **Description**: Combines MEC with fully insured benefits for accident and illness coverage.
* **Pros**: Covers preventive services at 100%, appealing to lower-wage workers, total monthly costs under $100 per employee, effective recruitment and retention tool, scalable benefits.
* **Cons**: Higher costs compared to MEC Only, but better value and employee satisfaction.

**Conclusion** Each option has its merits, but MEC Plus offers a balanced approach, providing essential coverage and additional benefits that appeal to employees while maintaining ACA compliance.

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**Appendix II – Reference-Based Pricing**

**What is Reference-Based Pricing (RBP)?**

Reference-Based Pricing (RBP) is a cost-containment strategy used in health insurance where reimbursement rates for medical services are based on a specific reference point, rather than the provider’s billed charges

This reference point is often set by benchmarks such as Medicare rates, historical claims data, or fair pricing data from third-party vendors.

**How It Works**

* **Benchmarking**: RBP uses established benchmarks to determine healthcare service prices. Typical benchmarks include Medicare reimbursement rates, negotiated rates with provider networks, and bundled payment rates
* **Payment Structure**: Instead of negotiating prices with providers, RBP sets a fixed price for each service. If the provider’s charge exceeds this fixed price, the patient may be billed for the difference, known as balance billing

**Reference-Based Pricing (RBP) Pros and Cons**

**Pros:**

1. **Cost Control**: RBP can significantly reduce overall healthcare expenditure by avoiding negotiated rates and using Medicare rates as a benchmark
2. **Transparency**: Employees gain a clearer understanding of their healthcare billing, leading to increased engagement in their health choices
3. **Predictable Pricing**: Employers can better predict costs and set premiums more effectively, potentially resulting in savings

**Cons:**

1. **Balance Billing**: Employees may face balance billing, where they are billed the difference between the provider’s charge and the allowed amount, potentially leading to financial strain
2. **Provider Denial**: Providers may deny care, especially if many patients use RBP, leading to potential access issues

**Litigation Risk**: Without protections from provider contracts, RBP can lead to potential litigation for employers

# About the Author



**Experience**

William Hammett has been a pioneering figure in the field of MEC and MEC Plus-related plans since 2010. As an original member of the advisory board of Pan American Life, which invented the MEC Plan, William has played a crucial role in shaping the landscape of non-traditional health insurance. His extensive experience includes serving on carrier boards, presenting at numerous insurance conferences, and authoring multiple books on innovative health insurance plans and strategies.

William’s approach is characterized by independence and collaboration. He works closely with brokers, ensuring that relationships are free of obligation or exclusivity. His independence means he is not beholden to any carrier or plan sponsor, allowing him to provide unbiased advice and support.

All compensation for William’s services comes through overrides allocated from the carrier or plan sponsor’s discretionary funds. These overrides do not affect broker commissions or employer premiums, ensuring that his services remain free and unlimited to brokers and their clients.

William offers a comprehensive scope of services, including product recommendations and reviews, strategic advice and training for brokers, employer clients, and support staff, as well as sales strategies and tools to help acquire new clients.

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# Also by William Hammett