

What does a Health Insurance broker do?

If you're in the market for health insurance, you may want to consider purchasing a plan through a health insurance broker. While they're by no means the only option, health insurance brokers are a popular resource for a variety of customers looking for help in finding the right policy for them. So what do brokers do, exactly, and how can they help you? Read on to learn more about health insurance brokers and how to find one.

What Is a Health Insurance Broker?

Broker Basics

Health insurance brokers play a unique role within the health insurance ecosystem. They serve as an intermediary between consumers and [insurance companies](#) (or “carriers”), providing customers with expert guidance, access to policy information and a selection of recommended, personalized options. Brokers must be licensed by the state in which they work and are paid by commissions from carriers rather than by customers.

Who Should Use a Broker?

Brokers are popular among self-employed workers and other individuals who lack employer-sponsored insurance. They can also be important to business owners offering a group plan to employees, as small businesses often lack the resources to fully address insurance issues in house in a comprehensive manner. Brokers assist customers of the federally- and state-managed Marketplace exchanges and can offer guidance about public programs, premium tax credits and other government-based cost-saving options. They can direct customers to Affordable Care Act-compliant off-exchange plans as well.

Brokers vs. Agents

While health insurance agents are also licensed professionals who connect customers with insurance carriers, a broker's role differs in a few ways. Agents usually represent a single insurance company and draw from only that carrier's options when recommending plans. Brokers, meanwhile, represent the customer. In many states, they are bound by a legal obligation to help customers find the most appropriate plan for them, regardless of the company that sells it.

How Health Insurance Brokers Can Help You

Navigating the Market

A broker's value comes in part from the unique challenges of navigating the U.S. health insurance landscape, where information available to customers is often incomplete and products are

particularly complex. Overall, health insurance markets are considered to have high “search frictions,” meaning it’s relatively hard to match consumers with appropriate products.

Naturally, this challenge increases the value of expert intermediaries. One of a broker’s most important roles is simply reducing the customer’s information-gathering burden, helping them navigate a sea of options and variables. Furthermore, because a broker is “looking out” for the customer, their expert eyes are a line of defense against exploitative or duplicitously-billed plans.

Expert Guidance

Brokers offer expertise throughout the insurance-buying process. While they provide plan information and quotes to the customer, they also weigh in with an industry insider’s perspective. By working to understand the customer’s unique situation, they can tell whether a particular plan that’s great on paper would be a good fit for the individual. Brokers answer questions, discuss alternatives and make recommendations based on factors like the customer’s budget, health care needs and provider preferences.

What to Expect From a Health Insurance Broker

Background Information

One of a broker’s main responsibilities is to help educate the customer about the health insurance market and explain how one’s personal situation affects getting insured. To start, brokers are there to answer common questions like the differences between plan types and the meanings of industry-specific terms. Brokers should also be current on applicable insurance laws and regulations, which vary by state and are frequently updated. Brokers also offer a valuable perspective on what policies certain types of customers tend to select and how these decisions play out going forward.

Several Plans to Compare

After getting to know the customer’s budget, needs and overall situation, brokers offer quotes—usually a short menu or a couple select options. These selections can include multiple types of plans from one particular carrier, as well as several comparable plans from different carriers. Brokers usually provide brochure-style information for plans they recommend and talk through the pros and cons of each option with the customer.

Ongoing Support

Brokers are still available as a resource to customers after enrollment if issues or questions arise. Customers sometimes want clarification about the details of a new policy and may realize they're uncertain about issues like network limits or the claims process. Remaining available to clients while they actually use their new insurance is an often overlooked but important part of a broker's role as well.

Free Services

Most services offered by health insurance brokers are essentially free to the customer. Like agents, brokers are paid commissions by insurance carriers, which tend to be based on a percentage of the premiums of plans they sell. In other words, the cost of a broker is built into the cost of health insurance in general, so customers should only expect to be charged by a broker if they agree to additional services that go beyond a broker's traditional role.

How to Find an Insurance Broker Who's Right for You

Choosing the Right Broker

The most important factor in the broker-customer relationship is trust. In this sales model, the same person serves as both personal advisor and salesperson—and while brokers represent the customer's interests, they may still have some level of incentive to sell a particular product. Customers should feel confident that their own interests are the priority. Will the broker proactively explain the downsides of a plan? Are they open to comparing their recommendations to alternatives?

Another important component is communication—not just the way a broker interacts, but their ability to turn their expertise into language the customer can understand. While brokers are sought for their industry knowledge, it's only helpful if they can meet clients halfway. A good broker listens closely to understand the customer's situation and makes sure their offerings are tailored to the customer's unique needs.

How to Find a Broker

One of the most common methods is seeking referrals from trusted sources, such as friends, family members, an accountant, or a personal attorney. There are many online resources that can help, too, though it's important to know who funds the website and for what purpose. The same goes for broker-sponsored websites, which are easily found in online search results.