AMERICAN ECONOMIC LIBERTIES PROJECT

Health Insurance Brokers

Health insurance brokers help consumers and health plan sponsors, such as employers and unions, navigate the increasingly complex and expensive private health insurance market. Generally, this assistance takes the form of generating pricing quotes from different insurers, comparing coverage options, and, for sponsors, providing strategic guidance on plan design. However, brokers often present themselves as independent while accepting commissions and bonuses from Big Medicine insurers that drive up costs for consumers, sponsors, and employees. As *ProPublica* reported in 2019, these payments "can't help but influence which plans brokers highlight for employers" and represent "a classic conflict of interest" in which brokers are incentivized to steer clients to the most lucrative plan, rather than the one that is best suited to the client's needs. These conflicts have multiplied as the U.S. insurance brokerage market has grown more consolidated in recent years. Today, the four largest firms – Marsh McLennan, Aon, Willis Towers Watson, and Arthur J. Gallagher & Co. – account for 21% of premium dollars.

Key Facts

- When enrolling an employer in a particular plan, a broker usually earns 3% to 6% of the total premium, which "could be about $50,000 a year on the premiums of a company with 100 people, payable for as long as the plan is in place," according to the same *ProPublica* report. Commissions can be much higher – up to 50% – for supplemental plans covering dental services, for example.
- The Centers for Medicare and Medicaid Services (CMS) finalized a rule in April 2024 that capped broker compensation for enrolling consumers in Medicare Advantage and Part D prescription drug plans. However, the rule, which was set to take effect in October 2024, has been held up by private litigation, in which industry groups claim that CMS does not have the authority to regulate such payments.
- The Justice Department sued three large insurers (CVS Health's Aetna, Elevance Health's Anthem, and Humana) and three large brokers (eHealth, GoHealth, and SelectQuote) in May 2025, alleging that the insurers had paid hundreds of millions of dollars in illegal kickbacks to the brokers in exchange for enrolling consumers in the insurers' Medicare Advantage plans. The complaint also claims that Aetna and Humana conspired with the brokers to discriminate against Medicare enrollees with disabilities "by threatening to withhold kickbacks to pressure brokers to enroll fewer disabled [individuals] in their plans."

Policy Solutions

- CMS should initiate rulemaking prohibiting private Medicare Advantage and Part D insurers from using brokers and other agents.
- Congress should pass legislation codifying both the above ban and CMS' 2024 rule capping broker compensation. Congress should also increase funding for CMS' Navigator grant program, created by the 2010 Affordable Care Act to provide consumers with "fair, accurate, and impartial information" related to marketplace coverage. Unlike brokers, navigators are not affiliated with and cannot accept payment from private insurers.

Further Reading

- "The United States Files False Claims Act Complaint Against Three National Insurance Companies and Three Brokers Alleging Unlawful Kickbacks and Discrimination Against Disabled Americans," Justice Department (May 1, 2025).
- "The Regulation of Private Health Insurance, KFF (updated July 29, 2024).
- "Behind the Scenes, Health Insurers Use Cash and Gifts to Sway Which Benefits Employers Choose," *ProPublica* (Feb. 20, 2019).
- "Health Insurance Exchanges: Health Insurance 'Navigators' and In-Person Assistance," Congressional Research Service (updated Aug. 13, 2014).