



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

500 New Jersey Avenue, NW  
Washington, DC 20001-2020  
202.383.1194 fax 202.383.7580  
www.REALTOR.org/governmentaffairs

Thomas M. Stevens, CRB, CRS, GRI  
President

Dale A. Stinton, CAE, CPA, CMA, RCE  
EVP/CEO

GOVERNMENT AFFAIRS  
Jerry Giovaniello, Senior Vice President  
Walter J. Witek, Jr., Vice President

August 30, 2006

Patricia A. Maryland, Ph.D., Chair  
Citizens' Health Care Working Group  
7201 Wisconsin Ave, Rm. 575  
Bethesda, MD 20814

Dear Dr. Maryland:

The National Association of REALTORS® (NAR) welcomes the opportunity to comment on the Interim Recommendations of the Citizens Healthcare Working Group. NAR represents more than 1.3 million real estate professionals who belong to over 1500 REALTOR® associations at the state and local levels. NAR's members have participated in many of the Working Group's community meetings held across the country. In addition, NAR hosted a community meeting for its members during the NAR legislative conference on May 16, 2006, in Washington, DC.

**Access to Affordable Health Insurance.** While we recognize the charge given the Working Group is a sweeping one and the interim recommendations are therefore necessarily visionary, we urge the Working Group to include in its final report to Congress recommendations that are needed to address the problems facing working Americans in the very near term. In particular, we would hope to hear the Working Group's thoughts on changes needed to the nation's health insurance system. In today's world, and likely for some time to come, private health insurance is the primary means to affordable health care for working Americans and their families.

Without immediate action to address problems faced today, more Americans without employer or government-subsidized coverage will be added to the 45 million individuals currently uninsured. As an organization whose own members face an increasingly difficult time finding affordable health insurance and, therefore, affordable health care, we believe that it is critical that attention be given to the current problem of the rising health insurance costs before more small businesses and independent workers are forced to drop what coverage they have.

**The Challenges Facing the Independent, Self-Employed Worker.** It has long been recognized that small businesses account for the largest number of new jobs created. More recently, the increasingly important role of the independent worker, i.e. the self-employed, independent contractors, freelancers, or temporary workers, in today's labor force has also been recognized.<sup>1</sup>

<sup>1</sup> Daniel Pink, *Free Agent Nation*, Warner Books, New York, 2001

Any effort to address the health care needs of working Americans cannot ignore the needs of this growing component of the workforce. We believe that the experience of the real estate sales industry serves as a good example of the challenges experienced by small businesses and independent workers.

Today 28 percent - more than 364,000 NAR members - do not have health insurance. This uninsured percent is double the percentage of REALTORS® members who were uninsured just seven years ago. This figure is also roughly in line with published estimates of the percent of all independent workers nationwide who are uninsured.<sup>2</sup> By comparison, the percent of the U.S. population without health insurance was estimated to be 15.7 percent in 2004.

When asked why they are uninsured, the overwhelming majority of uninsured REALTORS® – 84 percent – indicated that unaffordable health insurance premiums were the cause. Given the structure of the real estate sales industry, it is not unexpected that real estate professionals would be sensitive to premium costs. Like all self-employed and/or independent contractor workers, real estate licensees have no employer who subsidizes health insurance premiums, no guaranteed monthly income and significant monthly business expenses that continue even in those months when there is no sale, and therefore, no income.

These factors, together with the fact that in most states independent contractors do not have access to less expensive or guaranteed issue small or large group plans, make it difficult for real estate licensees to afford monthly premiums that can easily reach \$1200 or \$1400 per couple or family. Many of our members report that their monthly insurance premiums now exceed their home mortgage payments.<sup>3</sup>

When we consider the sources of coverage for those members who are insured, we believe that it is a given that the percent of uninsured REALTORS® will continue to increase in the coming years. Among those who have health insurance coverage, REALTORS® are most likely to obtain their coverage from their spouse's employer (25 percent). We expect this source of coverage to decline in future surveys as more and more employers reconsider whether to continue to offer insurance coverage to employee's spouses and dependents. We anticipate that more will drop coverage for employees' families.

Group coverage does provide coverage for 23 percent of the membership. In the past, the typical NAR member with group coverage was typically an agent for whom real estate was a second

---

<sup>2</sup> Daniel Pink, *Free Agent Nation*, Warner Books, New York, 2001

<sup>3</sup> One Aurora, Colorado member shared his not uncommon experience during a 2006 Capitol Hill visit – a 93 percent increase in health insurance premiums between 2003 and 2006 for his family of 5. As he put it, *"I have only been able to continue this coverage because of a nest egg and not because of the income from my fledgling business. Unfortunately, I am now in a position where I must pursue employment with a company that has group health care because I can no longer afford these healthcare expenses."*

career and had health insurance as part of their retiree benefits. Today, however, group coverage is also likely to be held by either a new agent who continues to work two jobs as they transition from a prior career or an established agent who takes a second job simply because that job provides the agent with health insurance benefits.

We believe that in the future, group coverage will be the source of insurance coverage for a declining percentage of real estate professionals. Those in real estate as a second career will likely not have health benefits from an earlier job, as retiree insurance benefits become a thing of the past for a new generation of workers. For those working two jobs – real estate sales and a second job that provides benefits - there comes a point when choices have to be made as to which job offers the worker the mix of job fulfillment and benefits that are essential to a healthy life. For those who cannot do without health insurance, real estate is likely not to be the final choice. We have anecdotal evidence that this choice is already one that many of our members face today.

Consequently, we believe that it is vital that existing barriers to expanding the number of insured workers be identified and removed.

**Barriers to Efforts to Increase Access to Affordable Coverage.** We believe that there are any number of community and non-profit organizations that have not traditionally been involved in facilitating access to health care but which could serve a valuable role in meeting the needs of the nation's small businesses, the self-employed and individuals if existing regulatory barriers could be overcome. Professional and trade associations, like the NAR, are one such organization.

Trade associations have a long tradition of serving their members personal and professional needs. Member service is why these organizations exist and they are uniquely positioned to meet their members' needs. When it comes to designing a member health insurance program on a national or regional basis, however, the complexity of our state-based system of insurance regulation presents an insurmountable obstacle to trade organizations. The administrative burden of offering a nationwide insurance program that meets the mandate and rating requirements of the fifty states and four territories has been insurmountable, even for an organization as large as NAR.

It is for this reason that NAR has strongly supported federal legislation that would authorize the creation of small business health plans. Allowing trade organizations to offer uniform, regional or national insurance programs to their members – just as corporations and trade unions have been allowed to do - would allow NAR and other well established non-profits to effectively use the bargaining power and administrative efficiencies that having a large membership creates to better serve the members' insurance needs.

**Defining a Set of Core Health Care Services is Key to Expanding Access to Health Insurance.** We believe that the Working Group's recommendation to define what constitutes a set of core health care services is an important one. Without any guidelines or agreement as to

what constitutes a set of core services, states have established benefit mandates that vary widely in the range and number of required services. This lack of uniformity in state mandates is a primary barrier to efforts by national or regional trade associations to develop an affordable and uniform national insurance program for its members.

In addition, as much as we all would like to be able to have unlimited access to health services, we believe that it is important to acknowledge that resources – family, business and government resources - are not unlimited. Identifying the most effective use of those limited resources is key to designing insurance programs that could be tailored to consumer needs and using what are limited resources to serve the greatest number.

We would hope that in its final recommendations, the Working Group could focus on identifying other barriers in the current regulatory system that may not be serving their intended purpose and should be reexamined.

**Participation in Future Public-Private Work Groups.** Finally, we would ask that the Working Group recommend that representatives of the small business community be included in any independent, nonpartisan, private-public groups called for by the Working Group's final recommendations. We believe that any further discussions must include those familiar with each of the key constituencies that will be impacted by the recommendations. It is unfortunate that the Working Group itself did not have the benefit of a participant familiar with the challenges of the small business and self-employed community. We would hope that this oversight is not repeated.

In closing, I thank you for the opportunity to comment on the interim recommendations. We look forward to the Working Group's final report.

Cordially,



Jerry Giovaniello  
Sr. Vice President, Government Affairs  
National Association of REALTORS®