Evaluating Agent Commissions

Below are responses received in regards to the Evaluating Agent Commissions & Sharing Ministry Plans webinar that took place on March 1, 2019. ***These questions and comments are from a variety of sources and have not been edited.***

Why do commissions get cut every year? Covered CA and the Carriers expect us to do 100% of the work for 1% pay. How does that make sense? Where's the incentive? We are also doing Medi-Cal enrollments for free at least in the beginning we were paid. Was that just the carrot?
My clients have expressed concerns about their policy payments going for abortions. They would like better options. Will this subject be on the webinar? Also agent commissions continue to be cut while more competition for business is increasing and more and more non Agents are enrolling clients but don't do any actual customer service.
Can CoveredCA pay a bonus to agents for new enrollments in leiu of a commission, which I could see being a problem for CoveredCA
Are you considering helping agents marketing efforts? Sharing these costs?
We have considered dropping out of the individual market all together with the dropping commissions, So this is a timely subject. Unless they increase above this years level, we may discontinue offereing services here.
Instead of setting up minimum agent commissions, can we set up standard agent commissions. Thank you.
This isn't really commission related but I feel there needs to be more marketing and information to the consumers that they can't change plans or enroll mid year withough a qualifying event. I get so many calls from people during the year even though I've explained it at the beginning of the year or people don't know about the 60 day limit.
A Kaiser renewal is worth less than $5 per month.
Comment : I believe that a Commssion floor would not create a race to the bottom becuase, the market forces that creater higher commissions in some plans vs others will still exisit. It will just change our commission to Living Wage for Agents (similar to minimum wage) . The plans that offer higher commissons now would still provide her commissions to reflect how they value the agents services.
suggestion, you could set up a percentage of the premium for commission and put a cap on it so it will never be more than a set amount.
Only one carrier in my area and it pays 1%. It doesn't matter how you try to spin it there's not enough money for all the work involved.
Why can't covered ca pay an administrative fee per app on top of commissions that carriers pay since its so low? We work for you too. Not just them
How about a 5% cave out in which carriers have to spend 75% on care, 20% admisistration, and 5% agent commission?

Also Blue Shield on some people is only paying 1.4% on only what the people are paying. So on a guy who premium is over $3000 a month but he only has to pay $250 so Blue Shield only paid me on some people the 1.4% on the $250 or about $3.00 How can I pay my office expenses of over $10,000 a month when onlt $3.00 is coming in
Unfortunately in Monterey county there is only one company Blue Shield
FYI In 2014 I received over $250,000 from Anthem and in 2018 received less than $70,000 Hard to pay the bills
From Blue Shield under $70,000
When will you increase the 400% mark for the Poverty Level... This is CA
Will you increase the commissions next year by double since it has gone down so much and include increase in commission since it went down so much?
BS dropped Commission from 2013 from 4% now down to 1.4% oy vey...
The right amount would be half a full months commission for a year is fine... per aqcuisition..
What doesn't covered california have its own commission platform and pay the agents direct.
Will someone change the way Medical works with some of our client's applications? They usually create a new Application and this causes agents to lose commissions as Medical do not keep agents in the new application
if Blue shield can pay an hourly rate to in house service reps they should compensate agents for time spent servicing plan members past the enrollment phase.
CoveredCA enticed agents to enroll with higher commission rates at inception of ACA. Now that tax penalty has gone away you need agents again. New Commission comp agreements needs to be long term!
It appears that your weighted average of 1.7% maybe slightly off as some Insurers do not or hardly pay any commissions. Should there be flat fee paid by all the Carriers or a Covered Calif flat fee paid to all Certified Agents for Enrollments regardless of Carriers so that there is no steering or less steering issue?
There is no question in my mind that the compensation to Agents on a Macro basis is significantly less than your your weighted average. Most of the Carriers that can pay more simply dont pay the 4% high mark for your weighted average. Besides the Agents are often actually selling the 1% or or 1.5% plans and they have to be appointed by the Carriers to even get that. The Carriers are are often getting huge windfalls of enrolled Clients from Covered Calif Agents that aren't even appointed yet vy the Carriers. So they are by definition from Covered Califorinia Portal free without being compleed to pay even the lowest commisions or any commissions at all. Rank
Many times when agents aren't involved with the renewal process, the client comes off our list of policy holders. Is there anything being looked at to protect the agents from loosing clients due to administrative errors? This is at the carrier level.
2.4% is wrong fwiw Kaiser @ $4.16 a month, BSC PPO 1% of prem that does not grow. HealthNet pays $14 .

HealthNet's 5% was good then they did not Grandfather when they took it back and said going forward we will pay $10 per member. That was a 1st in over 30 yrs seeing a company do this. Will other Insurers start to do the same?
For CA agents, initial Medicare Advantage commissions increased in 2019 from $567/member/year to $601/member/year, a 6% increase. Renewal commissions increased from $284/member/year to $301/member/year, a 5.99% increase.
can CoveredCA request insurance company have agent portal to view client info? right now, like Kaiser, not even have IFP agent portal, it is hard to maintaince the current client, with all the issues
right amount of commission is 5% of the permium
Does it really matter that people automatically renew when it comes to agent commission. We are available throughout the year to assist our clisents with anything they need. So, this is not a contention point or a reason to lower commission.
Covered CA and insurance carrier acquisition costs can be reduced if you give agents the fianncial means to market and advertise.
Please make Kaiser as well as the others pay in a timely similar to Medicare!s requirements.
do N O T put a minimum commission in place!!!!!!!!!!!!!!!!!! It will drop our book of business by 35% overnight
If you create a minimum commission floor will Covered CA risk the fact that Kaiser might pull out of the exchange?
Have you thought of the fact that Carriers may be forced to have different level commissions ON and OFF the exchange?
In the calculation formula for commissions or payment to agents, you have to average the amount of time the agent spends with a client per year. This includes explanations enrollment changes service or problem solving as well as the administrative issues that prolong much of the process.
Great webinar. Since Kaiser/Shield make up roughly 60% of the market, setting a minimum commission would greatly help our goals of outreach. On health share, if Newsome/legislature can expand the tax credit (especially for people in their 50's/60's) then the health share goes away. Also, short term going away is a problem for people who lapse cov and have no other option. I would think health share question is
One note on commission...many people who self-enroll make mistakes resulting in incorrect tax credit and/or having to pay back. This is a real detriment to CC branding and consumer satisfaction (especially at tax time). When we guide them to correctly look at eligibility questions, we're significantly improving consumer's view of CC interaction. That's year long!
Agent comppensation in 2014 dropped radically at the same time carriers tripled rates. It still did not balance out.
In Alameda County where the only two choices are Kaiser and Blue Shield, many patients choose Kaiser because fewer and fewer doctors accept Blue Shield. Kaiser pays a flat rate of $100 per year making it less desirable to suggest Kaiser for agent, irrespective of the best plan.

The bulk of my enrolments are Medi-Cal, which are fraught with problems. What happened to the honorarium paid for that?
Blue Shield does pay on the unsubsidized premium.
Opinion: Plan rate filings should be required to actually pay the commission amount itemized in their line item rate filing. Noted in 2016 that both DMHC and DOI filed plans did not pay what they included in their line item flings.
CA law and CovCa policy prohibits agents charging fees. Would CovCa consider amending this policy if state law allows fees in lieu of commissions? (or in addition to commissions) if clearly disclosed to cosnumers?
Only two carriers pay bonuses and there are strict guidelines. Agents are not entitled to a bonus for each policy that is written. A bonus is just that, a bonus. It should not be looked at as part of a agents commission seeing as that bonus usually makes up for all the policies that are not being paid properly.
Anthem and Blue Shield, Kaiser all pay less commissiom
$25.00 permember each plan.
Make it sample $25 commission per member each carrier plan could be Bropnze, silver, Gold and Platinum. No increase or decrease in commission period.
I struggle every year with Kaiser paying me for renewal business. They seem to have no way to retain broker of record data. Have you considered putting in penalties for plans that don't honor contacts regarding commissions?
What is the current and future process for commission disputes with carriers? I have been waiting for an issue resolution since November 2018. I was told that Covered CA was at fault and Covered CA told me no one was available to follow up until AFTER Open Enrollment.
Can we have some suppport requiring the carrier, such as Kaiser, issuing commissions and renewals in a timely fashion? Also allowing us to confirm Our Book of Business? The Dispute Process with Carriers is not standardized either and is very contentious.
With te number of agents no longer either sellin CC plan or servicing them the commissions are NOT enough. It is the difference helping people enroll, re enroll, service them or even laying off employees becasue of low commissions.
if the commission is changed/increased in future years, what will happen to our current book of business, will it stay the same or will the old book of business fall under the new guidelines?
Any idea what percent of off-exchange plans are sold by agents? I suspect it is much higher than 50%.
Bring back Anthem. The only reason that Blue Shield has dropped their comp is because there is limited competition in the PPO market. When either company is suitable and in the best interest of the client, let them compete for our business.
CAN YOU ELIMINATE AGENT COMMISSION FROM THE 20% RULE
For medicare health plan, an agent makes $23 per member per month. Kaiser pays $100 per year per member, that is a Joke fort the time and issues it takes. For renewal alot of people come in and renew, change plan, update income etc.

There are some areas where we only have Blue Shield and their commissions are low and the plans that pay better are not offer in our areas. May be trying to have more than one market would help.
Blue Shied's and Kaiser's commission is so low that it does not cover the cost of doing business. This makes it impossible to market. How much does thiis impact in the lower new enrollments?
Why can't we have minimum agent commission requirement AND set rules or limits on agent commission desceases???
It is unfair that the Health insurance companies reduce commissions for all consumers and they change he commissions yearly. How is that fair for all the hard work throughout the year?
$25 per member per month minimum commission
While Covered California does not like these plans, they are paying a liveable wage and are attractive. Insurance agents go through an entire licensing process and have to run multiple calculations for subisidized individuals, deal with Medi-cal issues, communication breakdowns between covered california and direct to carrier (doing covered california's job), submission of various documents and act as an intermediary for several other issues for $25 versus 15% to not deal with these issues. Pay your agents and you wont have this issue as we go through a vigorous licensing process, certification process and having to voluntarily enroll people for voter registration (unpaid) and deal with your internal competitors (Certified enroller agents) and your help on demand if one of our clients we spend hours of work on decides to go with another broker you introduce them.
Will you be willing to pay agents your portion you collect from the carriers which is 5%?
I agree to setting standards on commission payments. I like the idea of Per member commission
How do you feel about setting the standard lower when CCA moved the group commission for the teired commission to the flat 5%
Agent Commission standards: At $11/mo for each member, an Covered CA agent needs to work with 363 member in order to make a minimum wage living in CA ($48k). However, $11 is the average. There are many popular plans that pay less. Insurance companies raise rates each year, and that increases the 20% that insurance companies get to keep, but they then decrease the amount they pay to brokers. Insurance companies know that members will shop and probably move if they can find a better plan. Therefore the agent gets paid a smaller amount for these moves every year!!
Blue Shield also pay on original premium so an agent makes less each year they keep client on that plan
How will bonuses be taken into account with regard to min commissions?
Will increased commission payment be passed on to consumers, I.e., plans allowed to increase premiums?
Would Covered California consider spending less on marketing and advertising and allocating more money for agent commissions?

Peter, have you looked at the RECORD proficts these same Carriers are earning thanks to the ACA. You cannot justify year-round staff in the "new" marketplace based upon the lower revenues coming to us. Perhaps we should charge a fee to the Consumer for provding all of the services we provide. To receive a reduced commission for a renewal is wrong. Sometimes we du more work for a renewal than we do for a new customer.
Kaiser doesn't have a ratio problem, they just don't want to pay agaents the market rates
The first year the range was 4 to 6 % except Kaiser. Because of the lowering of commissions, I have stop open enrolment the cost is higher that the return on investment.
Can the commission percentage amount be based on the total unsubsidized premium as apposed to the subsidized premium amount?
Can the Exchange help the agent community with help with office supplies like Letterhead, Postage, etc. to help offset increased labor costs here in the state of California?
Blue Shield changed their commission structure in 2018 where the agent compensation is based on the subsidiezed premium. Example: 1% of a dollar a month premium. Thanks for using my question.
Commissions are dwindling however I do not believe in pushing the “race to the bottom” by asking for a minimum commission amounts. I believe by asking for minimums or minimum reduction guarantees that we are committing to that race to the bottom. Our current commissions and bonuses pay above $11 pmpm and I would leave this to the insurance company’s for the time being.
Can we get paid again for helping people with Medi-cal?
What about paying a commission of fee for the assistance agents provide to Medi-Cal clients.
one of the biggest nightmare is when the enrollment is a mixed family with medical that we can't help the family because of the mixed plan. little things like address change, why the app was canceled etc. when all the children go to medical and we don't get paid and it's a nightmare to get any thing done.
Those people in ministry plans who get sick when open enrollment comes up they come in and jump into a Covered CA plan so they get their medical coverage
Medi-Cal commissions?
Minimum commission is set in other government-sponsored insurance products i.e. Medicare. Covered CA consumers require more assistance and yet there is no protections for agents. CMS grows the Medicare commission, no decreases. Why can't we follow their example?
why do we not get paid for medical patients
The bulk of my enrolments are Medi-Cal, which are fraught with problems. What happened to the honorarium paid for that?
What about the Medi-cal applications?

I would prefer a standardized commission structure. also some type of medi-cal compensation
can we expect medi cal commission again?
Why cant we be paid for enrolling a Medi-Cal
Isn't the lack of compensation on Medi-Cal a violation of minimum wage requirements?
Medicare pays about 23 per member per month, thats a good base
Why can't we get paid for Medi-Cal applications????
I know this is a stretch, but when dealing with families who are Mixed (Medi-Cal and Covered CA), my work load doubles for a variety of reasons, which I will not name here. Can Covered CA consider those types of policies as to how agents are paid? We used to get paid for Medi-Cal. Can that be reinstated?
Peter CC advocated the demise oif Short term medical plans which help thousands of Individuals "bridge" their coverage before Open Enrollment. Also Agents are receive 3 times more Commission from the same Carriers for selling Small Group..
No one is talking about the commission on medical applications. We got the commission only first year. We had applied hundreds of applications and did get nada zero commission. We have to do it because of other lines of business with us (P&C). I have seen many instances where other certified agent tell the customer to go to county and apply, but people have language problem still they come to our office to get the help.
We should get the commission on the county medical applications too.
I have sold health insurance in this state for 30 years. I can't believe to the extent that the broker has been devalued by the insurance companies. The insurance companies (Blues) have created a system where they can reduce the commissions of its brokers. The area that I operate in only has one company (Blue Shield) that services our area. When the ACA came out Anthem reduced commissions from 10% to 4% citing volume. Then they started giving a per enrollment commission instead of a percentage, this approach really sucks. In recent years Anthem pulled out of my area (Inyo and Mono counties). When I rewrote the accounts to Blue Shield they offered 2.4% for new business and 2% for renewals.
Here is where it gets even worse. At 5:01 pm the night before open enrollment was to begin for the 2018 policy year Blue Shield announced that they were reducing new business commissions to 1.4 % and renewals to 1.0%. I had absorbed the numerous reductions in my commission rates over the years. When I heard this news I knew that my commissions were basically being cut in half again, I immediately put my small office building on the market and sold it at a reduced price because I could no longer afford the payment after being reduced again.
In short, we brokers are not being compensated at a fair rate. I believe we should go to 5% new business and 3% for renewals.
To have a flat fee per member per month from each and all carriers plus a yearly increase to cover inflation rate.
2. Carriers and Covered CA to reach a compensation agreement and Covered CA, in turn, to pay agents a flat fee per member per month with a yearly increase.

3. Covered CA to reduce a certain percentage from their marketing dollars and use those funds to increase agents' commissions.
4. Go back to the 7% of premium with a yearly increase to at least cover inflation. Premiums go up every year but the agents' commissions keep rolling down. There's really no incentive to agents and many feel it is humiliating, insulting and an injustice. Mr. Peter Lee mentioned in the webinar and I quote, " but, what is enough?" Well, under the current agents' commissions, enough is not enough to cover even inflation.
I think we should request an higher commissions as well as timely payment of any commission due. 90 days should be sufficient time to pay commissions on all clients.
Since around 40% of the leads (from and outside of Covered California) are Medi-Cal eligible, I think Covered California should compensate the agents who help them in enrolling like in the years 2014 and 2015.
. I feel agents should be paid more compared to the amount of premium assistance the carriers receive every month. Agents also are responsible for the member's monthly premium payment. If you can't get your member to pay their premium payment, you don't get paid commission as an agent.
Thank you for addressing the agent commissions in the March 1, 2019 webinar. To be heard is a fantastic feeling and to have my concerns addressed directly is bliss. You are greatly appreciated. A few things I have remarks about were the data and unaddressed details on which you based the statistical commission data. There are several things missing in the calculations. For IFP, the 2013 commission rate was 20%, for small group 7.5% and for large group 5%. But agents are no longer paid on the annualized premium. It is true that the volume of clients has increased significantly. However, we are also no longer factoring perks like bonuses that actually paid, back then and not the difficult to attain tricks and computer glitches of today. Please ask the carriers for details for about how many agents are actually paid commission and bonuses versus the eligible numbers? I also take issue with the limitations on retroactively paying agents for clients that had policies in force, assigned to the agent but because of a lack of search data at both the carriers and Covered CA, I discovered clients that did not show on the carriers' site for my book of business for two years, if at all, even after using a personalized link directly to the carrier. Sometimes, the Covered CA feed didn't send properly. If such an error is discovered after 120 days, commission payments are refused. Why? Providers can bill years later as long as they were covered on the date of service. It takes no less than 60 days for the carriers to issue refunds to policyholders. If agents were employees there would be no time limit on back pay. I have legitimately spent two hours working for the carrier to stiff me. Galling when I discover that the carrier took payments and continue to do so. More work, no pay. Peter V. Lee, it would help you to serve agents to get some statistical data on how the carriers are performing in the commissions that are actually paid, not just owed. I am not alone when I say, "There are discrepancies."

I would not take issue with this practice if the carriers abide by the same charge back rules. This is improving as we are able to search Covered CA and the carriers with more accuracy and ease but that too, takes manpower and time. It took a year to get paid for a Health Net error from 10/31/2017. With the pay being low and the errors that hold up commission, it is growing more difficult to survive. Most glaring commission absent from the equation is travel and vacation bonuses. Full time independent agents used to go on the quarterly “trip of a lifetime’ when the threshold was writing $125K in annualized premium in a quarter. Every carrier had a trip, every quarter! All of those trips were income on our 1099’s. The trips were excellent. Now, I have to pay for vacation from my much smaller income. More work less pay. Policies sold prior to 2013 took a 15 minute conversation and an emailed link or a PDF application. By comparison , evaluation, education and enrollment of each enrollee into Covered CA takes about 2 hours per enrollee. For a one woman operation, it hampers my ability collect new enrollees. So it's challenging to grow Covered CA business. It is also difficult to pay another agent a living wage to assist. My current clients are time consuming because clients require more guidance than the estimates based on the call center calls because we have more information to convey. Which is why agents account for 50% of the enrollments and not the call center. I believe that Covered CA should pay an administrative service fee to agents. Covered CA could easily cut some advertising. Agents are doing a bang up job on social media. For every call an agent makes to Covered CA, you have access to data for how long the calls last. We then have to call the carrier for remedy. You have the data. What is our time worth? At least minimum living wage. The commission race to the bottom has already happened. Health Net commission went from 20% in 2012 to 4.0% in 2014 to 2.5% in 2015 to 1.7% in 2018 to a flat $14 per enrollee today. Kaiser was 10% of the annualized premium.
For commission, I would like covered ca negotiate a higher renewal commission with carriers since we really doing almost the same amount of work when renewing client as signing up new client on exchange. A responsible agent need to reach out to consumer and confirm change on household information especially income annually. This is to make sure consumer won’t need to end up owing more tax in the coming year. Explaining the tax consequences is one of the most important part of my job when enrolling and renewing consumer. Also The State or county can extend the subsidies to people have higher income, which can also help people more willing to getting regular health plan. San Francisco is offering San Francisco health plan to residences. I have client drop covered ca switch to this plan. In my opinion, it’s better for the city to contribute those money to residence enroll in covered ca than set up a local health plan. As an financial professional, meeting client need and selling the most suitable product is always my first priority. Health care expense is just part of any individual’s financial planning. Helping consumers choosing the right health plan also is helping them achieve their overall financial goal and American dream.

Thank you for the opportunity to express my thoughts on compensation. Covered California is one of the more complex insurance products on the market today because the cost of the insurance and the quality of the health is dependent upon one's MAGI. A good portion of my clients are small business owners, and many do not know what their income will be for the upcoming year and will not know until they file their taxes; this could be almost two years from the moment I meet with them and when they file their taxes late. A mistake in estimating income can cost my clients thousands of dollars, so it is no small matter to spend this time upfront going over income. I get many referrals from tax-preparers, attorneys, and other professionals. The clients in need of a tax preparer are referred out, and I wait until they know what their income is and how it effects which insurance plan to buy, before talking about insurance. The next step is offering insurance products that give them access to their healthcare provider.

With mix-households, there is additional complexity, primarily addressing the self-employed. We are placing parents in health plans that provide reasonable access to healthcare providers while forcing them to enroll their children into a welfare program (Medi-Cal) where access to healthcare is often problematic. Not only is this an example of forced-lousy-parenting, but it is also counter to the whole concept of being entrepreneurs. People do not go into business for themselves to enroll their children into welfare and Medi-Cal's failure to acknowledge that the IRS has the final say on income often subjects these clients to bait and switch tactics. By definition self-employment income is sporadic, and during the goods times, one hopes that they are putting money into retirement plans and investing in their companies. During lean years they can stay above the mix-household income thresholds by transferring traditional IRS funds into Roth IRAs, choosing a less expensive health plan, changing how they deduct equipment or not take advantage some of their tax deductions. All of this has to be orchestrated by the tax-preparer and on occasion financial planner. Working with other professionals the agent has to help the client determine if they should keep their income in the MAGI mix-household range or go above it. They also have to decide at what point it is worth not qualify for a tax credit.

I have filed countless appeals with the State of California Department of Social Services. At the bottom of this email is ruling by Judge Laurine Tuleja. As a result of this ruling and my using it in many other cases, the County of Sonoma changed how they request income be reported, this indicates that there is no true advocate for this segment of the economy, from the Chamber of Commerce to the old War on Poverty Programs, and child's rights advocates to name a few. Like many of my clients, I'm self-employed, after reading Judge Tuleja's ruling, I ask why anyone in their right mind would listen to these people, let alone trust the welfare of their children with them? And they are the ones advising or politicians and policymakers? The reality is that most parents want to do what is right by their children, enjoy raising them and hopefully make a world a better place for them. The mixed-household policy inhibits that natural trait within parents and creates stress and frustration for them, which is by definition a social, behavioral factor that causes poor, health raising the cost of healthcare. Our healthcare systems have to charge private insurance companies more to compensate for Medi-Cal's lower reimbursement rates. We have loaded the

system up with children who should not be forced to enroll into a welfare program, to what purpose? It takes time and resources for an agent to help a client through this process. Should I fight the good fight for one client, or should I sell ten Medicare Supplement plans? Should I service a Covered California client going through these problems or write two new groups? The sad truth is that I have to see selling Covered California as a form of volunteering. Should I volunteer in Food Kitchen or do I pick up the phone and help someone? Western Health Advantage pays a little over $20 a month commission. I think that that is enough to pay the bills and afford me the ability to volunteer my time helping people.
Hello, I enjoyed the webinar last week. My practice is small group, senior and formerly individual sales. I held out about as long as I could before I told my staff 2 years ago, do not reach out to new or existing clients regarding individual health insurance. I hated to do it because it isn't only about commissions. I'd attend my local health underwriters meeting regularly and learned very few agents continued to sell and service individuals. That was what I learned 2 years ago. It's not all about commission but we do have overhead that needs to be paid and can't spend hours on end selling and servicing individuals in a dysfunctional system. I say dysfunctional because even seasoned pros get sideways with the system and can't effectively communicate with CoveredCA. When your slides say we make $11 a month from an individual sale; that does not include the 5 others that called, spent our time and resources to then not buy or just stay put. It does not include the high lapse rate CoveredCA currently experiences. To top it off, CALIFORNIA in its grand wisdom will not allow "short term medical". Tell me what to do when your brothers 27 year old kid calls and says I couldn't pay my premium and my health insurance lapsed May 1st. We have to say, "I'm sorry, we don't have short term health plans and OPEN ENROLLMENT isn't until next January". If I were still in the game, I'd reluctantly bring up health share but as your slides illustrate, not insurance. We are in a sad state of affairs in CA. Agents can't afford to serve clients, clients lapse their coverage and then are without coverage for the balance of the year. UGH UGH.
I feel like CC has taken way too long to help us agents out on this issue and now we are making basically nothing and having way more issues to deal with (carrier and CC glitches - MediCAL intrusions and much more) all these problems just add up to us making very little and having to do so many more sign ups to even make it reasonable to sustain. The fact we can not even do ANY marketing because of course at this point, we would be making negative money and having to pay in order to sign up ad help families. We TOO are consumers and since we are self-employed we also have to pay this HIGH premiums for Medical Insurance since we do not qualify for any subsidies. So you are asking ALOT from us when carriers keep slashing our commissions every single year. it does not ADD for us!

I know some people suggested getting some type of payment from CoveredCA to help make up for our commission losses - another suggestion would be to start charging the Individual/Families ourselves - I know this is not how this CC process started but in order for us to stay helping people, it needs to come from somewhere - SO either CC pay or we start to charge people for services. I have spoken to many agents after the webinar and they all are saying the same thing - agents are going to be leaving left and right and it will be up to CC to hire enrollers (who can only help enroll nothing else) - and you will be bombarded with calls forcing you to staff hundreds of enrollers - HOW MUCH will that COST YOU? How many consumer problems will you have? GOOD LUCK! Requiring the carriers to have minimum agent commissions - will just make them all pay a low minimum - and then we are stuck! This is NOT the solution! Any how, its unfortunate that we are at this stage with CC and Agents - but I guess this has been your vision the entire time - have agents help until the public can do it on their own online? When people need help - we will NO longer be here for them - we will have them contact CC - I am already doing that now - sorry, too busy trying to branch out in other areas of insurance. You say 40%-50% of enrollments come from us - you should be more willing to help us earn a living - I just hope that happens.
Thank you for the opportunity to provide input on potential policy changes impacting Broker commission levels. Blue Shield is committed to supporting this distribution channel, particularly those Brokers who remain active in and educated about the evolving individual market. In addition to member sales and retention, brokers continue to be an integral resource to our shared customers for education and assistance in traversing the complexities involved in selecting, enrolling and utilizing an individual health insurance policy. We appreciate Covered California's recognition of the role that certified insurance agents serve for all Californians and we support the effort to understand the impact of the various agent commission programs. These comments should help inform Covered California's understanding of the overall market, including Blue Shield's programs. Since the implementation of the ACA, BSC has worked hard to balance our mission to provide access to high quality and affordable health care to all Californians, with the need to fairly compensate our largest distribution channel. We accomplish this using base commission plus a targeted bonus program that encourage engagement of high-volume producers to sell and retain business. By paying commissions based upon a percentage of premium rather than a flat per member per month (PMPM), we align our selling costs with the product sold by our brokers. This is an important planning component given the inherent variability based upon the product and demographic mix of our book of business when offering coverage in all nineteen rating regions. The agent commission trends (page 19) show that demand for commission support from agents has remained steady, while agent compensation has declined. However, this analysis alone may not justify significant action. Of note, we understand the analysis is conducted on base commission only and does not factor in bonus programs' impact on total agent compensation. For example, in data we shared with Covered California, we calculated our recent bonus program to increases base

commissions by ~ 15%. We recognize the difficulty in comparing various bonus programs across the market, and as such recommend that future discussions clarify that bonus programs exist, they can be an important component to agent compensation and are-not factored in the analysis.

It is also important to know about complexities that may exist within each Carriers' agent contract. In the case of BSC, the following must be considered:

- Our contract stipulates that ACA taxes will be deducted from the premium prior to calculating commissions. The ACA tax varies from year to year so impacts the compensation level.
- Our commissions are based upon the commission schedule and premiums in place at the time the policy was originally sold. If commissions are subsequently reduced or increased, the policy will continue to be commissioned at the prior level vs the new schedule.
- If a renewing member changes to a different plan, including changing metal levels (up or down) the renewal commissions are based upon that plans' premium at the time of original purchase. For example, if the commission for year 1 is on bronze, but the member changes to gold for year 2, BSC would pay the year 2 commission based on the gold premium from year 1.
- Assuming annual premium increases, keeping a percent of premium structure flat, would then translate to a increase in the PMPM (and potentially higher premiums for our customers) compared plans that offer a flat PMPM year over year.

We believe that our commission structures, inclusive of the bonus program, provide the appropriate market-based incentive structure to align to the evolving broker channel. This reflects the movement to more self-service and on-line servicing for the broker segment, and providing a financial incentive tied to volumes. As such, we recognize that agents with very small books of IFP business are more likely to be impacted by declining base commission levels. We appreciate Covered California's intent to provide a degree of compensation stability to this segment of the Broker community. Of the approaches to accomplish this:

- Commission Floor: We are concerned that a commission floor could have potential unintended consequences of increased premium or lowering some carriers commission levels.
- Multi-year Agreements: Broker commissions make up the bulk of our selling costs, which are an important component of our annual plan premium setting. Requiring a multi-year commission guarantee would impact that process, and under a percent of premium calculation scenario would translate into a higher average PMPM as compared to our competitors who offer a flat dollar compensation approach.

BSC would support a policy that limits the amount that base commission levels can be lowered each year, if it is measured as an average PMPM equivalent payout (e.g. average base commission PMPM will not decrease by more than X%). It is important that Covered California look at payments on an equivalent basis, as we may decrease the percentage of base commission to offset premium increases while still maintaining the PMPM equivalent. This approach would limit market confusion while providing stability and maintaining flexibility to offer market-based incentive structures.

We appreciate being allowed to provide input into the process and welcome the opportunity for further discussion.
First of all, let me say that it is probably going to be futile to demand the insurance companies pay a specific commission as mandated by you. However, let me also state that if you can, you are my heroes!!!! We as agents in the individual market are being edged out of the business as we cannot make a reasonable income selling at 1% commissions or $100 first year/$50 renewals as is the situation in Ventura County with only Blue Shield and Kaiser as carriers we can represent. I appreciate the effort you are going to in trying to make a case for our value, and believe me we do offer value! In your presentation on March 1, you utilize Health Net HMO Standard Silver Plan as your model. I have over 200 policies in force with you and I doubt I have one of these plans in force. Primarily because they are not available in my region! In addition, even 2.6% is not truly enough to make it worth our time. Here is why: The cost to obtain a client is just as high as it has ever been; The cost to maintain a client and give them the service required is higher now than ever. We have a middle man to work through, Covered California, to get anything done with the insurance carrier. It takes much more of our time whenever we have to go through CC because after we make a request with an issue, we have to wait until you send your feed to the insurance carrier, then we have to wait for the insurance carrier to do what needs to be done. When we try to follow up, we tend to get the runaround as to who is holding the issue up. In fact, sometimes things just seem to disappear between the two of you. Therefore, it takes many phone calls and many delays to service our client. It is getting to the point that we will not be able to service our client and just refer them to Covered California for any service after the sale as we are not being paid enough to spend that much time. Then after many years of renewals we will finally break even on our efforts. Let me give you an example. We write a premium for $300mo, we make $3/mo or $36/yr. How can I pay someone $25-$35/hr to service that client…I lose money pretty much guaranteed on anyone I write. We have spent as much as 40 hours working on cases that pay us $3/mo to $15/mo. You can do the math…that just doesn't pencil out! By the way, your 2019 Survey of Health Plan Commission Programs is not accurate. Prior to 2014 most carriers were paying 20% first year/10% renewals, far from the 7% you indicated. The fact that we have gone from 20% first year and 10% renewals since 2014 from every carrier except Kaiser down to 1% first year and renewal (Blue Shield) is outrageous. Yes, this is guaranteed issue, however the follow up described in the prior paragraph indicates we still spend as much time after the sale to quantify a higher return than 1%. I can understand a level 5-7% commission due to the guarantee issue, but NOT 1%. Blue Shield started out at 4% and gradually decreased it to the 1%. When Covered California came out and spent all those millions of dollars in advertising, people thought that they HAD TO BUY FROM COVERED CALIFORNIA. I lost 25% of my overall income due to this, and it would have been 90% of my total

income if I wrote only individual health insurance, and I would have had to leave the business after being in it for 40 years. Yes, we could do an agent change of record, but 90% of my business at the time was with Anthem and they would not recognize us as an agent because they considered anything written direct through Covered CA as a house account. Basically stealing from their own agents! I know that wasn't your fault, but I lost most of my individual health insurance income. Also, when changing clients out of a grandfathered plan where I am getting 10% renewal to a 1% commission, or maybe less with Kaiser, I take a 90% cut in my paycheck! If the premium is $1,000/mo my commission goes from $100/mo to $10/mo. If you do the math, you can see it has been a losing proposition for agents. I have only continued to stay in the individual marketplace hoping things would improve. However, if they do not, I will probably suspend writing new individual business for any carrier! I would be thrilled if you are successful in making this more meaningful to be an agent selling individual health plans!
One last thing, I do not care that you pay 1.7% commission on a $1100 product versus 15% commission on a $299 product. Fix the monthly premium-- the problem is not with the commission. Example: If my stock broker charged me 2% but attained 15% return on my portfolio and the average broker was charging free commission and only getting a 5% return on my money--should I complain that I was being overcharged in this scenario???
I agree some sort of minimum standard for commissions can be good and bad, here's my take. 4 years ago, when i started my enrollment center for Covered California, my business model was that I could expect to get about $250-$300 per person per year the way things were shaking out with the mix of business I wrote between Kaiser, Blue Shield, and Western Health. Back then…. Kaiser payed $100 per person per year, and $50 renewal years still to this day hasn't changed. Blue Shield was paying something like 4% plus per member per year bonus's based on production during open enrollment and a persistency bonus based on retention. You know how this has been reduced over the last 3 years. Western Health still to this day pay's 5% unsubsidized and 22 per member per month if subsidized. That all combined it came out to be about $250-$300 per person per year average for me back 4 years ago. Today….. Fast forward 3-4 years now the per person per year average is more like $150-$200. This is mostly based on Blue Shield's drastic drop in commissions, and not qualifying for their bonus system's anymore based on a drop in production based on their super high prices in the bay area compared to the Western Health and Kaiser HMO's. Blue Shield HMO Trio is more money than the PPO plan in Marin county. My enrollments shifted to WHA and Kaiser.

I currently have to weigh my current business model and compare it to becoming more of a Medicare based enrollment center not a Covered California based enrollment center. Comparing the Medicare commissions per person per year, Medicare's is more like $265-$300 per person per year on renewals and even more when a person is aging into medicare and buying medicare advantage its up to $575-$600 per person first year.
What would you rather sell, and the medicare business stay's on the books longer and often come back to switch, and have way less customer service to do.
For me the individual sales, lead to the medicare sales and that's how I'm going to continue to approach my business. If the per person per year base were to be set at $15 per person per month, $180 per year. I know Kaiser and Blue Shield will have to come up, but will Western Health Advantage come down? That would suck.
That's my take…..that's for fighting the good fight for us brokers on commissions.

Has the implementation and supervision of the ACA plan in CA added responsibilities to your work load?
Has your pay stayed the same, increased, or decreased?
I've been an insurance agent in CA for nearly 30 years. I've taken great pride to insure my clients and prospects receive on going excellent advise and service.
During the same period mentioned above, my workload has increased significantly.
My cost of doing business has increased significantly and to your point,
My pay has decreased so much I can no longer afford the acquisition cost of adding new members to my book of business.
In 2013 I studied the ACA model and CoveredCA in particular. There were and are many elements I appreciate. Based on my business plan, I set out to enroll
200 new IFP clients at 4% 1st year commission and 3% renewal commission. As of today, my renewal commission is 1% and I believe 1st year commission is 2%.
I feel like it's been a classic "bait and switch" proposition.
I doubt there are many Agents in CA who can survive with the commission amounts we're now being paid!!!
Most of us live in local communities and give back everyday. Were not large internet call centers. We know our clients and they call us often for on going assistance.
Later today I'll be calling COCO whose husband is having surgery today at the Kaiser hospital in Pleasanton. I want to see how he's doing and wish him well.
This past AEP I spent over 4 hours helping them choose the correct plan knowing he'd have surgery and both needed a diagnostic colonoscopy in 2019. Kaiser told us The surgery was estimated to cost $1100. They found out last week it will cost $6000+. Yes, I'll be speaking with Kaiser regarding this discrepancy.
Kaiser pays me $50 per member per year for my renewal commission. I'll be paid $100 in 2019.
My time investment will be at least 5 hours. That equals $20/hour.
You tell me – is that a fair wage to pay a professional health insurance agent?
PS I don't expect you to tell me what you get paid…. But I really hope you understand the sales force that has made CoveredCA successful is really hurting!

Covered generally takes 2 hours out of my life to diligently quote/write for each client. That does not include aftermarket servicing clients. Most do not evolve into clients for our other coverages. Have 100+ active client policies Takes 20 minutes to provide client with a proposal due to screenshots, porting into program, cropping, converting to PDF, then forwarding to prospect. My time would be better spent on other categories with commissions up to 20% (P&C). To protect my ethics and E&O, I have been repeatedly approached on the ACA alternatives. I find it catastrophic that there are no other short term alternative medical plans (i.e., Petersen/Lloyd's) I can offer individuals that miss out on open enrollment and do not have an EOE. I also cringe every time your bug shows up that Milpitas 95035 defaults to being in Alameda County, when it is in Santa Clara County. I pointed that out to your IT people years ago and was told it was not a bug.
I feel very strongly that agent commissions need to be increased for individual products, including Covered California. Under the ACA, agent commissions have been reduced dramatically, but the enrollment process and education of the clients is, if anything, more onerous than it was before the ACA. I spend a considerable amount of time explaining the ACA and the subsidies work. Even though the ACA has been in existence since 1/1/14, many people do not understand how it works, especially if they are new to Covered California after group plans. Many of my colleagues now refuse to sell individual plans because of the low commissions, and many others will sell direct but not Covered California because of the complexity vs. compensation. In addition, I would like to see a requirement that consumers use a certified agent to enroll. I spend an inordinate amount of time trying to fix apps that consumers have screwed up, and dealing with people who have spent days or weeks trying to enroll themselves without success. If that is not possible, I would like to at least more clarification that they can find help, with no additional cost. A lot of people realize there is help but they think they have to pay for us, and only contact us in desperation after struggling and struggling on their own. By that point, they are more than willing to pay, and are astonished to find out my help is free.
Currently, the State of California prevents an agent or broker from charging a broker fee. Many other states allow agents and brokers to charge broker fees. This is an opportunity for agents to make the money we feel we deserve without affecting the MLR ratios for insurance companies. We need a task force and help from CCA, CAHU and NAHU to create a bill to take to Sacramento. I will be more than happy to be on that task force and help move a bill forward.
We're underpaid plain and simple. The only reason I write health insurance at this point is because I have an existing book. Health Insurance takes an inordinate amount of time to issue and maintain policies mostly because the overall "system" to sell and renew has not evolved to a point of dependability and consistency like established insurance companies and then you don't get enough of a commission to justify the time spent.

As far as commissions go, paying us 1% or whatever it is for lower cost plans when the same amount of time that goes into a policy like that is the same amount of time it takes for more expensive plans doesn't make sense. For every company I go through when I sell an auto, home or any other kind to policy the commission is the same no matter what the premium or level of coverage the policy has. In a nutshell, why sell heath when you can work less selling other types of insurance and make more money at the same time?
I read your recent PPT slideshow outlining the agent commissions concern. I was so grateful to see that you are addressing it. It's a big problem! When an agent goes from 10%, to 8%, to now an average of 1.7% commission, this is VERY punitive. Sure, it's an 8.3% cut to the acquisition cost of these health insurance policies. But, it's an 83% CUT IN OUR LIVELIHOOD. Here in the field, we have to keep up on legislation, continuing education, licensing fees, constant plans changes, we have to administer to voter registration, and Medi-cal now as well. You have tripled our burden, but cut our compensation. It's hardly worth the effort anymore. When you consider that the exchange has covertly layered in an extra 12% in "other taxes" for pet governmental projects (not related to the cost of healthcare mind you), a reasonable consumer scratches their head. The state is getting their cut in this exchange scheme. But those who actually know and work the business, and take the clients' customer-service calls, and process changes - we are cut to the bone. Again, so happy that you are being honest, and recognizing this issue. Agent commissions MUST SIGNIFICANTLY RISE to attract and retain quality agents. I would also recommend, if at all possible, that other hidden layers of taxation, not related directly to healthcare costs, be ELIMINATED from this program; just my 10 cents.
Agent Commission: As you noticed, many CoveredCA agents have been suffering from the declining of commissions upon which agents livelihood depend. Considering how much time it takes to support my CoveredCA clients, I think the commission should be around 5% or $25 per person per month. In comparison, Medicare agent commission is over $25 per month per person. Services and time required by the CoveredCA clients are greater than required by Medicare clients based on my experience.
I would like to comment that Commissions here need to be upward adjusted. Nowhere near minimum wage here with current sales commission rates. Need to reassess Medical Loss Ratio to fair percentage with all industries to average of 70%-75% Myself and my peers have followed Law closer than anyone for what we are to be Rewarded not penalized for. Commissions with traditional Carrier Blue Shield new sales have been cut from 20% to 10% to 5% to 2% to now just above 1%. Need to be set at Fair amount of 15% for new sales and 10% on renewals going forward and to be compensated for

Past underpayments and all unpatrolled unfair competition that prevails nearly everywhere as I have been seeing. No other way, must have better social structure here for licensed professionals upholding congressional law and Government Plans now in all fairness.
I'm so glad this issue is getting some attention. The amount of hours I'm spending on Cov CA relative to my financial business is getting to be 2:1 and I can't keep that up at the current compensation levels. My experience has been that I receive a call when the person has reached a stumbling block on their own online application, they have an odd situation and have been referred to me by the Cov CA line or friends, they've received a letter from Cov CA or Medi-Cal kicking them in or out, or they have a qualifying event and they don't know how to enter it online. I now request a delegation to review their account properly in order to do any further work for them. Also, the number of folks kicked in and out of Medi-Cal and Cov CA for part time work hour changes that I've been experiencing the last year is ludicrous. The phone calls are every week now. If it weren't for SHOP, I would not be able to continue what I consider to be a service to the community handling Cov CA clients. Thank you for whatever you can do to improve the agent compensation.
Here are my comments on the attached documents: First of all , not sure where are you getting your commission numbers As my last statement from blue cross , the commission was about 1% Not even close to the 2.6% mentioned on the slide , blue shield And kaiser just pay a flat $100 .. In many cases covered California fails to update the agent of record with the carrier and It is up to us to review the book of business to make sure We get paid... in my personal case i found 46 apps that i was not paid for by blue cross And another 30 or so from kaiser ..out of 900 + applications. Another thing we were promised pay increases for the individual Business on Covered ca in 2017 instead 2018 we got a pay cut even Though the premiums went up by 48% we got a pay cut!!!
I am extremely disappointed in the commission rate schedule and how these providers have lowered our commissions to a point that doesn't really cover our cost including staff to provide these plans. I know we don't have underwriting of health issues to deal with, however trying to get everything correct on Covered California's website including income, employer's information and many more details, it can be challenging and we should receive more compensation for what we do. There are also numerous customer service issues to deal with such as income changes, new addresses, etc… With that said, we only have a handful of plans to choose from and only 1 or 2 options for PPO plans. The market place is almost a monopoly because people have in the past been forced to take these benefits or be fined. Based on this monopoly type situation, all the companies have decided to lower their commissions substantially to where doing business as a broker is extremely difficult to make any profit. I would suggest that there should be a minimum commission base for agents at a level of 5%, just like the group business provides. I like free-enterprise, but I believe there is not a level playing field with the insurance companies paying low

commissions because they know they can pay a very low commission and still get the business because there is no other competition.

Informative; helpful; welcoming in terms of requesting input, important and necessary. Here are additional comments for consideration:

- Communication: CDI and Covered CA must be better informed on legislative changes in advance when notices are sent. Consider: agencies must be on the same page and follow through on inquiries made.
- Medi-Cal Compensation: During the first year of launching Covered CA, Agents were compensated a flat fee of $58.00 per application. In some cases, depending on the size of the family and if proper authorized presence in the US was well documented, it took over two hours per application, additional follow up assistance to assist in navigating the system with county offices was needed. The success for California's enrollment proved more than half of the enrollments were made under Medi-Cal and our state lead the nation. Consider: a flat compensation fee ($70 - $75) to Agents for all Medi-Cal enrollments. The concern for sources of federal dollars for these payments might consider payment legislatively where Governor Gavin must pursue those dollars at the federal level.
- Enrollment Commissions: Also Consider increasing the general commissions for agents on a par with health sharing plans. According to the California LAO (Legislative Analyst's Office) 2017 reports our state receives $0.78 for every dollar sent to the feds. In 2014 out of the $369 billion sent to the feds we received $356 billion or $13 billion less to pay for salaries and wages, grants, contracts, retirement benefits and other benefits.
- o Expand Poverty Guideline to 600%: More consumers are falling through the cracks by dropping health plans (24%) due to mandate waiver in 2019, increased in premiums and deductions, insurers' delays in terminating plans when consumers want to change before the annual enrollment period ends and not qualifying for a life event for special enrollment periods. Consider: expanding PIG to 600% and have open enrollment year round like the health sharing plans offer. Or legislatively, offer a Public Option and avoid returning to mandating penalties similar to the states of Massachusetts, New Jersey and Vermont.

As a 25+ year agent I am in favor of raising agent commissions for individual insurance to a more sustainable amount. In Santa Barbara, our only carrier is Blue Shield and they pay only 1% commission on renewal. A longtime agent friend retired recently and she couldn't give her block of individual business away. We agreed to take it as a service to her and to her clients. This is not a sustainable system. These blocks used to be sold at a multiple of income.
Remember the advantage of using agents is you have virtually no fixed costs or overhead with agents. The only time you pay an agent is when we help enroll people. This is what insurance companies learned long ago, and why they didn't replace us with salaried staff. Your slide deck mentions commissions have fallen while need for information has remained stable. I would argue the need for health plan information has greatly increased as deductible and out of pocket expenses have risen. On top of

that we are all now “CPAs” helping people calculate and update their income, so the work burden has increased dramatically. I am not sure what the best payment method is, but it seems we could make a go of it at 2% commission, or $40 per person per month. Some could make a good argument for higher that I would support, but I think this is the sustainable floor.
I think the PDF is saying it best... Commissions have been cut so much. Even the increase in premiums means that commissions are only half of what they used to be... and the servicing on these plans have skyrocketed. It used to be that once you get someone set up on a plan, they will not leave for any reason. The fear of not getting a pre-existing benefit covered was too high. Now, every year we are asked to analyze and price health plans for our customers, as rising health insurance premiums and guaranteed coverage encourages individuals to review their plans carefully every year. After years as a Health Insurance broker, I've been flirting with the idea of no longer selling individual health insurance coverage... as it is no longer financially feasible to do so. Many of my colleagues have already dissolved that part of their practice. As you've said... The vast majority of individuals still rely on us brokers to get them their plans and help them get the plan that makes the most sense for them. There needs to be incentive for us to do so and these low commissions are barely cutting it. Please put out an increase in commissions to give us more reason to not let this area of our practices be sacrificed.
In one of your slides you said the average beginning agent commission in 2013 was around $20.00 per member per month and now in 2019 it is $11.00 per member per month. So as not to make it too high of too low why don't you split the difference and the new commission structure at $15.50 per member per month. I help my clients find doctors and understand their plan all year long. Even my renewing customers call my every year with things like their copies of 1095 statements they never got or misplaced. Finding specialist , new PCP change of address etc... I also assist my small business owners and Rental proper owners what they can write off so as to pay the correct amount and get the right subsidy. Medicare protects agent commission and gives us a raise every year. After all agent commissions are protected by CMS with Medicare I think it should be protected by Covered California and all Obama care coverage. It is ran by the government also! So yes you should tell them they cannot pay agents pitiful rates like $100 per client per year and $50 for renewals. That is honestly not even worth my time.
I want to thank Covered California for finally realizing the value certified agents bring to the healthcare discussion. I have been a broker for nearly 15 years, and when I first started, commissions for individual plans paid 20 percent the first year and 10 percent thereafter for the life of the plan. While premiums were much less, I believe agents were better able to service their clients as they received higher pay for their work and therefore did not have to service so many people. Currently, I have about 1,500 clients. This is crazy, but I had to adapt in order to continue to recieve the same commissions I was receiving prior to 2010, when the transition began happening with the Affordable Care Act. What is most disheartening is that insurance companies are making record profits and pushing the deductibles and out of pocket maximums higher, while further reducing our commissions. Some plans do not even pay a

commission such as the Health Net Bronze PPO, yet that happens to be the most popular plan in the Health Net community. What is a proper way to pay commissions is the percentage basis. I believe agents should be getting at least 7-10 percent monthly commissions on each plan sold and for the lifetime of the plan. We use our own gas to drive to client homes, sometimes more than once, we pay for our own marketing and we oftentimes must do advocacy work on behalf of our clients to resolve issues with insurance billing, or insurance denials of coverage. For the work we do, we should be compensated accordingly. Thank you for allowing me to comment.
Many thanks to Covered California in evaluating Agents compensation and revealing how the commissions and bonuses are less than in the previous years. I wish Covered California negotiate a higher compensation plan with the carriers. Since around 40% of the leads (from and outside of Covered California) are Medi-Cal eligible, I think Covered California should compensate the agents who help them in enrolling like in the years 2014 and 2015. Also, there are many cases who after making a quote, are eligible for a Covered California Plan, but when filling the application they make some changes that turn the results to Medi-Cal eligible. For example, many times I was filling an application for a family that consists of 3 members and then realize the parents live with them, increasing the household members to 5; consequently change the eligibility results to Medi-Cal. So after spending too much time with the lead, the agents get $0 compensation. Besides, There are too many leads from and outside of Covered California who like to ask questions and morally and professionally I have to answer by guiding them in the enrollment and application processes which will lead to $0 compensation to the agent after the lead enrolls by himself. Finally I just wish that agents can help people who loose their usernames and passwords and cannot access their existing Covered California account. Many leads ask me to help them access their sites so I just refer them to Covered California telephone number. In this case either Covered California or the lead take care of enrollment process leaving the agents a $0 compensation.
I've been a certified Covered CA agent since day one. As I listened to Peter's comments regarding the drop in Covered CA enrollments for 2019, the money spent in marketing for open enrollment, one thought comes to mind. It isn't working! I'm glad you're being proactive about agent commissions because agents now are no longer active in promoting open enrollment. It's currently a losing proposition for agents. What is takes to enroll, explain, follow-up and help throughout the year doesn't pay. We can't earn a living. The marketing dollars you're spending during open enrollment isn't working obviously. I believe you're better off redirecting some of those dollars to agents who hit a certain level of enrollments during open enrollment? There's no incentive, no excitement, no future in health enrollments currently for agents currently. I know many agents who no longer enroll through Covered CA. Something must change? If the agents are providing 50% of the enrollments and enrollments are falling off the cliff what does

that say? I think some of those marketing dollars are better served supporting agents.
I have an observation about agent commissions being regulated or not. It is a very complicated question. You mentioned in your presentation that you lean toward letting market forces determine commissions, and I agree with that preference. However, when insurance companies set their commissions, to make the process really market driven, we as agents should feel free to decide to sell more product from plans that pay us enough to make continuing our business profitable. That would be part of the market driven process. Those insurance plans that compensate agents better should naturally be expected to have the agents consider that factor when selecting products to sell. Market forces then would cause insurance companies to evaluate if they needed to increase commissions to attract more business from agents. However, we feel a strong obligation to provide our clients with what is best for them even if it means a lower standard of living for ourselves. But at some point we need to evaluate if we can reasonably afford to continue selling insurance with the lower commissions. If we decide we cannot, that would mean we could not continue to help our clients at all. So at some point we may decide that we cannot afford to offer the lower commission products in order for our business to survive. Individual medical insurance is only one of many products we sell, as I am sure is the case with many other agents. My staff and I have discussed the option of abandoning the individual market in California because of the low commissions. We have not reached a final decision. One of the main factors in that decision is the obligation we feel to help our clients. But I also realize that I am working harder and making less money than I did ten years ago, and the cost of living is not going down. Because of the regulations that are in place already, insurance is not and probably never will truly be a free market product. So maybe a regulation providing a minimum commission level would be a good way to keep insurance agents in the business so that consumers have access to their help with insurance needs.
1) commissions need to be at a level where an agent can make a living. Last year I put 4-5 people on Medi-Cal because of their income. I made zero money for that effort. In fact, it cost me for my assistant to input the information to Covered Calif. Now I know Mr. Lee has said, on several occasions, to do the right thing for the client. I agree with that 100%. Well, how about paying an agent for doing the right thing? Does Mr. Lee work for nothing? I don't think so. If the agent is so valuable to Covered California, then pay us enough to pay our bills. If agents go away people will pick plans that may not suite them. That will cost everyone. I cannot tell you how many times the client has chosen a plan that after some discussion that plan would have been a big mistake. Health insurance is not an easy subject to navigate and the public needs help navigating that jungle. So pay the agent to provide that help.
In addition, it is absolute joke what has come of the industry what is expected of the agents to do their ethical responsibility to help their clients make the right choices each year with their health care and ONLY receive 1.4% compensation for the new business. All the while maintaining contact with their clients to service the client throughout the year for any needs that should come up with their policy.

In conclusion, it would be nice if Covered California was able to convince the insurance companies to not take down the compensation any further. Without all of the Insurance Agents that were involved with the roll over in December 2013…I am not sure if Covered California or the Insurance Companies would have made the transition of the ACA work. However, I doubt there will be any resolve with the insurance companies increasing compensation at this point.
Thank you Peter Lee and CC , I was one of the first 100 agents certified by Covered California. In 2019 I only enrolled 2 new clients to Covered California for the following reasons: Reduction of commissions. My agency count on IFP plans(both on and off exchange) increased by 1 life in 2019.. My agency income was almost $10k less in 2018. To be honest, our biggest market are MEDICARE PLANS. The other consideration is the OVERLAP OF THE ANNUAL ELECTION PERIODS WITH MEDICARE AND IFP.We only have so much time and IFP clients, especially Covered Calfiornia enrollees are completing for time with Medicare , which pays much better. With the reduction in commissions in all IFP plans, I don't feel it makes sense to stress MEDICARE. The biggest losers are the citizens who make a lttile too much money to qualify for a subsidy. Those are the people who have dropped their BRONZE PLANS.
1. Minimum Agent Commissions: Medicare sets a good example of minimum agent commissions on Medicare Advantage plans. For 2019, according to AHIP Medicare Certification: • Compensation for the initial year enrollments cannot exceed a fair market value (FMV) published annually by CMS. • Compensation for renewal year enrollments cannot exceed 50% of the FMV cut-off. 2. Lower commissions will not necessarily effect marketing for new enrollments, but they definitely impact agent service. Many agents are just referring their clients back to CC for service as the commissions are too low to pay a CSR to handle carrier billing or policy issues or problems with CC and Medi-Cal.
Quote Selection Insurance Services, Inc. (QSIS) is a proud agent partner of Covered California in its mission to improve the health of all Californians by assuring their access to affordable, high-quality care. Since 2014 QSIS has processed more than 50,000 Covered California and Medi-Cal applications. In this letter, QSIS will provide recommendations to support Covered California Certified Agent Webinar slide deck on March 1, 2019. Particularly, the points addressed will be in reference to the importance of enrollment channels, such as Agents and Navigators, fair and stable compensation for Agents, and viable options for consumers during the Special Enrollment Period (SEP). To foster these ideas and our continued work in reducing the uninsured rate in California, we propose the following: Supporting Agents Agents play a vital role in new enrollments and are a key component to the success of Covered California.1 According to the CHIAS study performed by NORC at the University of Chicago from February to March 2018, consumers said that face to face delivery of information was their number one preferred method. Agents interact with

consumers in all forms of media and are the primary source of face to face information for consumers.

- For the 2017 Open Enrollment Period (OEP), consumers chose to work with insurance agents on 44.8% (184,550) of all new enrollment applications.2
- For the 2018 OEP, consumers chose to work with insurance agents on 45.7% (193,550) of all new enrollment applications.3
- For the 2019 OEP, consumers chose to work with insurance agents on 48.3% (157,100) of all new enrollments applications.4

Despite a large number of enrollments agents generate there has been too much instability and flux with agent compensation.5 Further, consumer demand for decision-support from agents has remained steady while agent compensation has declined.6 To help remedy the issue, Covered California should promote compensation policies that add stability to its enrollment channels and influence consumer-focused enrollments.

Agent Compensation

The instability and a disparity in how insurance agent channels are compensated are caused by lack of regulation. In reference to Slide #12 (A), below are suggestions to support the evaluation for the agent compensation by setting rules or limits on agent commission decreases.

- The percentage premium model should no longer be used.
- To start, Covered California should set a standard base compensation rate to agents on a per member per month (PMPM) basis. The average rate among carriers should be the base rate. QSIS estimates the base rate to be at $15 PMPM, but a study is needed to determine an accurate number. A rate below this number could be detrimental to agent enrollments.
- A yearly review of the rate should be performed by Covered California and adjust the minimum rate as needed. Covered California should charter a list of factors that should be considered when adjusting the base (cost of living, cost of doing business, etc.).

Covered California will attract ethical and consumer-focused professionals by creating a leveled base compensation model that will promote premium and enrollment channel stability. Agents are contractually bound by the Covered California Agent Agreement to perform duties including enrollment and need to be compensated a reasonable amount for their duties.

In reference to Slide #19, QSIS makes the following recommendations:

- Covered California should prohibit Certified Agents from selling Ministry plans. If prohibited, there need to be credible options for consumers seeking health coverage during the Special Enrollment Period (SEP).
- If Sharing Ministry Plans are deemed necessary, it should be required for Covered California Certified Agents give clear information about the risks and benefits of Sharing Ministry plans before enrolling consumer including that the plan is not a Covered California plan.
- Taking no action would be problematic due to: 1) Sharing Ministry Plans being exclusive to religious affiliation; 2) no contractual obligation to reimburse health care costs; and 3) the negative effects of the aggressive marketing tactics used to sell Sharing Ministry Plans.7

The above recommendations were taken with the consumer in mind and are meant to generate sustainable health coverage for consumers. Options for Special Enrollment Period (SEP) QSIS highly recommends that if Ministry Plans are prohibited other options during SEP are made available to consumers, such as Short Term Plans or more access to Major Risk Medical Insurance Program (MRMIP) and other state programs. Conclusion To recap, Quote Selection continues to champion Covered California's mission to provide affordable health coverage to consumers. As a valuable agent partner, we hope to strive for better agent compensation and more viable options for consumers during SEP.
CAHU recommends that the Covered California Board conduct a study on the concept of minimum agent compensation. This study would be necessary to guide any future actions by the Board on minimum agent compensation. CAHU appreciates the recognition expressed by the Board, that agents are the bedrock of enrollment and agent compensation is a component of Covered California's total acquisition. Our members would be happy to cooperate with the Board to produce a data driven study on fair and consistent compensation necessary to improve enrollment outcomes.
1. Get rid of the 80/20 rule for health insurance claims payments. That rule dis-incentivizes the insurance companies from looking for ways to cut/control healthcare costs. Reducing healthcare costs reduces the 80% and therefore also reduces the 20% that the insurance companies get to keep. Removing the 80/20 rule also makes broker compensation less of a factor for profitability since cutting a 2% number has a much smaller effect than cutting an 80% number. The original intention for the 80/20 rule was to make sure the insurance companies spent at least 80% of premiums on care for members. What nobody realized is that smart health insurance execs would figure out that to increase the 20% that funds the company expenses and creates profit, they simply had to increase the amount associated with the 80% by not fighting as hard against the increased payment demands from providers. FYI, drug rebate dollars are not counted as premium dollars and are not subject to the 80/20 rule. That should should create a few light bulb moments. 2. Make broker minimum commissions fixed at 2% - 2.5% for every insurance company, and make the commission payable on the yearly premium amount (as premiums go up each year, so does the broker compensation). The carriers used the beginning the ACA to drastically cut broker compensation. They made the cuts "proactive" by locking in the commission to the first year's premium amount. As long as the client stays in that plan the broker compensation would not change. Therefore, every year the broker's "effective commission" goes down. A few years ago the carriers then decided to subtract the ACA fees/taxes from the premium amount the broker gets paid. Thus extracting another cut to the effective commission rate brokers see. Each year, the carriers that choose to cut broker commissions (mostly just Blue Shield) use a common theme of market pressures to justify another round of commission cuts.

By leveling the playing field between the carriers in terms of commission paid to brokers, we can lessen the potential tendency for any broker to move a client to a carrier that pays a higher commission. Plus the carriers themselves will have a more even playing field because the low-ball commission companies will have to pay the same commissions as everyone else.
The smaller carriers, that tend to pay higher commissions will be able to reduce their premiums to gain market share, or keep them higher to encourage brokers.

It is pretty ironic that total health insurance premiums have gone up every year from 2013 to now, and yet brokers/agents have seen our commissions cut to only 34% of what they used to be. The carriers continue to profit and brokers continue to struggle to stay even.
The only thing that helps is that more brokers are leaving the industry (regardless of how many Covered CA says are "certified") so there are more clients to work with. However, reduced commissions means that it's rapidly becoming a number game, and each customer gets less time.
The proposals that Covered CA is considering will have temporary effect because the carriers will figure out how to get around them quickly.
1. If you try to regulate/control the decrease in premiums, then the major carriers will simply introduce new plans/networks that start a lower commissions and they will kill the other "regulated" plans. Health Net has already shown a tendency to create plans to escape oversight from DOI, and Blue Shield has different commissions for PPO versus HMO plans.
I have posted comments in a few publications outlining how the 80/20% rule for health insurance companies does not result in any cost reductions for health care claims. The 80/20 rule simply encourages the insurance companies to increase rates each year, thereby increasing the amount that is left in the 20% for them to manage and increase profits.
The increase in profits for the "non-profit" insurers results in higher payments for doctors, administration, and expansion of the enterprise.
By slowly decreasing broker/agent (field sales force) commissions the carriers keep their minions working on their behalf while still increasing the amount of the 20% they have left.
Carriers use commission differences to encourage brokers/agents to steer consumers to the plans they want to build market share in. Once the carrier achieves the market share it wants it will equalize (by reducing the higher commission) the commissions between the preferred and non-preferred plans, and brokers take the hit.
(Health Net did this with the CommunityCare HMO plans by setting a 5% commission during first 3 years of ACA, and then cutting commissions to $14/mem once they had achieved market leadership in the regions where the HMO network was available. Health net was able to replace almost 90% of its pre-ACA PPO members with new members in the HMO plans by doing this. Enabling Health Net to become a winner each year in the Risk Adjustment game.)
2. If you try to mandate a specific "minimum commission" then all carriers will converge on that amount pretty quickly with potentially catastrophic upheaval in the marketplace.

If the minimum is above what Blue Shield and Kaiser pay, then they will increase premiums to protect themselves and widely proclaim that Covered CA and brokers/agents caused the increase. Covered CA and brokers/agents will see at least a temporary backlash. This will probably result in fewer people using brokers and exacerbate the decline in the broker/agent population within CA.
With Blue Shield, in particular, this will probably result in another round of hefty rate increases in their PPO plans. This PPO network is the last bastion for many people that refuse to switch to an HMO option. This result could become a calling card for the pro single-payer crowd in CA as they promote the ability to see the doctor you want to without any network.
Worse yet, this may also increase the demand for a CA single-payer system that Gov Gavin would love to provide.
3. Doing nothing is the lesser evil of the 3 options Covered CA proposed.
However, it will lead to the end of the ACA and a new single-payer system within 4 years.

Several issues were raised during the Webinar and Roundtable. Good feedback was exchanged with agents at the roundtable for many of them. I submit this knowing I have little understanding of the complexities of these topics. However, as requested, here are comments/thoughts after attending both the webinar :
1. Agent Commissions: The issues raised on all sides (enrollers, agents and carriers) are understood and on target. However, thinking outside the box, must it be one rate for all certified agents?
CovCA has the data to help with this. The carriers do not identify the agents working in good faith on their behalf so they can compare them to Enrollers who are not doing the work -- especially web-based enrollment sites with custom links direct to a carrier's online application. I'm not sure carriers understand fully the work agents perform for CovCA to keep consumers enrolled:
a. submitting accurate data to avoid change reports:
i. on applications including mailing addresses
ii. establishing one's APTC by helping consumers report their upcoming, taxable income as accurately as possible
b. assisting with binder payments and PCP selection
c. resolving issues that arise between CovCA and the carriers
d. assisting with verifications
e. reporting changes and assisting with new plan options and, perhaps, new binder payments and PCP assignments
Carriers are unable to measure retention rates when consumers have the option to change carriers during each OE or a SEP, but CovCA can. Carriers can measure a) which agents call in to resolve issues for their clients vs. agents who don't and b) company retention rates by enrollments including off-exchange. Carrier and CovCA data on agents should be shared when determining commission rates as well as if all agents/agencies should get the same commission rate. Measurements to consider:
a. An ethical agent disregards commission rates when assisting a potential or current client on their best options. It takes time to assess their budget, needs, tolerance for risk and preferences (including provider searches). CovCA data can reveal an ethical agent or agency who:

i. assists consumers eligible for Medi-Cal
ii. enrolls consumers in low commission plans (Ex: Kaiser offering the least at only $100/$50 fee for doing the same work as it takes to enroll consumers with other carriers.)
b. An ethical agent's enrollment data may be enough to determine how to split commissions levels -- one level for enrollers who provide the time and resources (including face-to-face time, an office and/or Storefront location) to adequately serve the consumer and another level for those who don't. Data would show which agents have clients who:
i. stay enrolled (in one carrier or another)
ii. gets verifications submitted by agent as requested
iii. gets terminated due to non-payment of premium…agents will:
a. work to assure clients' payments are current
b. help them get paid-up and
c. encourage them avoid termination
iv. Other measurements for the agent:
1. successfully resolves enrollment issues with carriers
2. actively contacts CovCA with issues on behalf of clients
c. Web-based Enrollers nor non-invested or unethical agents should not receive the same level of commission as those who routinely reach out to their clients, track their enrollment status and assist during their transition or when consumers have enrollment or APTC issues.
d. Removing agent commissions from the MLR.

I know firsthand of the damage done when insurance carriers let an employer know the zip code of the employee who had excessive medical bill, $25,000.
An unknowing employee may choose to share why he/she was admitted to a hospital for a freak reaction to a colonoscopy, the anesthesia, and then the following month is let-go 1 day after his birthday on a Wednesday - said Happy Birthday - and let him go on Thursday!
I am his Wife, and Mother of 2, and the owners actions did damage not only to my husband of age 60, but to 3 other family members, as well.
Do you think the word MediCal was in our vocabulary. Well, it was not.
Were we offered COBRA, yes.
Were we offered MediCal, no.
Yes. The middle class does not exist anymore.
The millineal generation has no knowledge of prior ACA, and the huge costs and barriers to accessing health insurance.
What about the people who pay 25 per cent of their income for health insurance, and at age 63. The premiums until age 65 - Medicare are outlandish, and take zero consideration to the life situation/as well as the extremely huge costs of renting an apartment, or trying to stay in their house, with huge water and power bills - of a senior citizen - who has worked their whole life to enjoy their golden years comfortably.

When you have parents working 2-3 jobs to just get by, what is the effect on their children?
Studies have shown that today most people have not been able to save $400 toward unforeseen medical expenses due to accident or illness. The prior study, I am told, said most people were not able to save $1,000 toward unforeseen medical expenses due to accident or illness.
Many people cannot afford to use the insurance they pay for. The doctors do not bill, expect to be paid on the spot, do not take credit cards, and will re-schedule an appointment if one cannot pay at the time of service. What does this say about accessing medical care that one has paid their insurance carrier the premiums due?
We need to increase the Minimum Wage as it is imperative that people afford to stay healthy, and keep our communities healthy.
What about inflation?
Thank you, again, for taking the time to read my lengthy emails.
You would think individuals would see the value in Voluntary Supplemental Plans, so affordable, but their budget is so tight, most are unwilling to even spend $28/month!
Where will the struggling clientele come up with the $7,200 maximum out of pocket, should something serious occur?
Health Savings Plans - Who is saving?
I would love to attend the Board Meeting, if possible.
We need to Value Agents!
I propose a monthly Retainer of $2,500 to keep the Agents you Value onboard.