



Table A.
Analysis of Pre-ACA Admin Expenses for HIX-type efforts
Average Agent Commissions

Note:		Post MLR/Pre-2014			2014+		
		First Year	Renewal	Combined	First Year	Renewal	Combined
1,2,3	Amount of Commission	8%	4%	7%	4.5%	3%	3.75%
	% in each category	70%	30%	100%	50%	50%	100%
	Enrollees who are "no-commission" via Covered California website, call centers or Covered CA-funded Navigators						54%
4	Reduction due to direct to HIX website						1.73%
5	Est. Advertising/Media Spend			0.50%			0.50%
6	Underwriting cost (pre-2014) based on cost/enrollee app			1% to 3%			0%
7	Call center/service center for enrollment			0.50%			1%
8	Total Cost for these SG&A costs			8.00%			3.23%
9	Exchange Fee (for FFM and CovCA)			0%			3.88%
	Exchange Fee allocated to off- and on-HIX			\$ 4.70			\$ 9.25
	As a percent			1.31%			2.57%

Notes

1	Agent Commission includes an estimated 2% of premium for Agent Recruiting, Bonuses, and Sales Administration -- Source: industry expert
2	Pre-2014 commissions tie to 2013 NAIC SHCE;
3	Fewer 1st year enrollees, per CovCA "Big 4" experience vs. pre-2014
4	45% of CovCA enrollees use web, CovCA call center or CovCA-paid Navigators, no commissions are paid, per CovCA experience
5	2014+ from CovCA per enrollee plan media spend
6	Based on industry experts, may be less (towards 1%) for insurers that have highly automated underwriting
7	Rough estimates; assumes somewhat greater plan spend post-2014
8	SG&A = Sales, General and Administrative expenses
9	For CovCA, a flat \$13.95 PMPM is charged, equivalent to 3.88% in 2015 on all plans, on- and off-HIX, with a statewide average premium of \$360