BlueCross BlueShield of Texas

Blue Ribbon for Producers℠ Bonus Program

Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation,
a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association

Blue Ribbon for Producers Bonus Program

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Blue Ribbon for Producers Bonus Program

At Blue Cross and Blue Shield of Texas, expanding access to quality, affordable care has always been our top goal.

For over 90 years, we've delivered on that goal by staying customer-focused and providing reliable, innovative and affordable health care options. Your hard work and dedication have been a vital part of our success. Now, we want you to reap the rewards of your success through the bonus program.

Program features:

- Rewards for selling or renewing commercial group medical benefit plans.
- Recognition for selling or renewing pharmacy lines of business alongside medical coverage.

If you're appointed and contracted with BCBSTX, you are eligible to participate in the Blue Ribbon for Producers Bonus program.

New Group Medical Benefit Plan Sales

New Group Sales Bonus Schedule

Bonus Per New Contract		
Total Medical Contracts	**Fully Insured Medical Self-Insured Medical with Pharmacy Blue Balance Funded℠**	**Self-Insured Medical Only**
First 250 (1-250)	$10	$7
Next 250 (251-500)	$25	$12
Next 250 (501-750)	$35	$17
Next 250 (751-1,000)	$45	$20
Additional Contracts 1,001+	$55	$25
Maximum Bonus per New Sold Account	$50,000	$25,000

How It Works for New Business

To earn a bonus, you must renew at least three group accounts and 300 medical coverage contracts as of December 31 of the prior plan year.

New sales production is based solely on commercial group business sold with effective dates between January 1 and December 31 of the current plan year, as shown in the New Group Sales Bonus Schedule. A contract refers to coverage of an employee.

The following will not be considered new business for the purposes of this bonus program:

- Acquisition or addition of new enrollees to an account that was effective prior to January 1 of the current plan year (the Bonus Program for Group Medical Benefit Plan Renewals may apply).
- An existing account for which you are the takeover producer.
- Life, long-term disability, short-term disability, group dental or individual medical or dental contracts.

CONTACT YOUR SALES EXECUTIVE AT BCBSTX IF YOU HAVE QUESTIONS ABOUT THE PROGRAM.

New Group Medical Benefit Plan Sales (continued)

Sales Bonus Example

During the current plan year, an agency's sold-contract count totals 921 contracts with the first 100 contracts consisting of fully insured medical contracts, the next 300 contracts consisting of self-insured medical only contracts, and the last 521 contracts consisting of self-insured medical contracts sold with pharmacy. The new sales medical bonus will be calculated as follows:

Tier 1	**First 250 Contracts**	Fully Insured Medical Contracts 1-100 at $10 each 100 x $10 = **$1,000**	=	**$1,000**
+Tier 1		Self-Insured Medical Only Contracts 101-250 at $7 each 150 x $7 = **$1,050**	=	**$1,050**
+Tier 2	**Next 250 Contracts (251-500)**	Self-Insured Medical Only Contracts 251-400 at $12 each 150 x $12 = **$1,800**	=	**$1,800**
+Tier 2		Self-Insured Medical Sold with Pharmacy Contracts 401-500 at $25 each 100 x $25 = **$2,500**	=	**$2,500**
+Tier 3	**Next 250 Contracts (501-750)**	Self-Insured Medical Sold with Pharmacy Contracts 501-750 at $35 each 250 x $35 = **$8,750**	=	**$8,750**
+Tier 4	**Next 171 Contracts**	Self-Insured Medical Sold with Pharmacy 751-921 Contracts at $45 each 171 x $45 = **$7,695**	=	**$7,695**
The total medical new sales bonus			=	**$22,795**

When you sell new medical contracts, your sold-contract count as of December 31 of the current plan year will be used for your bonus calculation. Earn higher rewards by selling pharmacy with new medical coverage.

- To be eligible to earn a new sales AND/OR renewal bonus, you must maintain at least three medical accounts and 300 medical contracts as of December 31 of the prior plan year.
- Medical new business bonus results will be calculated cumulatively by effective date and then by account number. Medical new business includes new fully insured contracts, self-insured medical contracts with pharmacy and self-insured medical only contracts.
- All contracts sold during the current plan year that remain in your book of business as of December 31 of the same plan year will be used to calculate the bonus.
- In the event of split commissions on any accounts, the same split ratio is applied to each producer's group medical contracts.
- Only new group medical contracts with effective dates during the current plan year will be included for calculating the new business bonus.
- If a new account cancels with BCBSTX or changes to another producer within the current plan year, the account will not be included in the calculation of your new business bonus, as it will not be included in your sold-contract count as of December 31 of the current plan year.

Group Medical Benefit Plan Renewals

Small Group Market Segment: Accounts with up to 150 employees	
Bonus Per Renewed Contract	
Renewal %	**Fully Insured and Self-Insured Medical**
90% or greater	$13
82-89.99%	$8
Less than 82%	$0

Large Group Market Segment: Accounts with 151 or more employees			
Bonus Per Renewed Contract			
Renewal %	**Fully Insured Medical**	**Self-Insured Medical Renewed with Pharmacy***	**Self-Insured Medical Only**
95% or greater	$13	$9	$7
90% to 94.99%	$8	$5	$4
Less than 90%	$0	$0	$0
Maximum Bonus per Account	$35,000	$25,000	$10,000

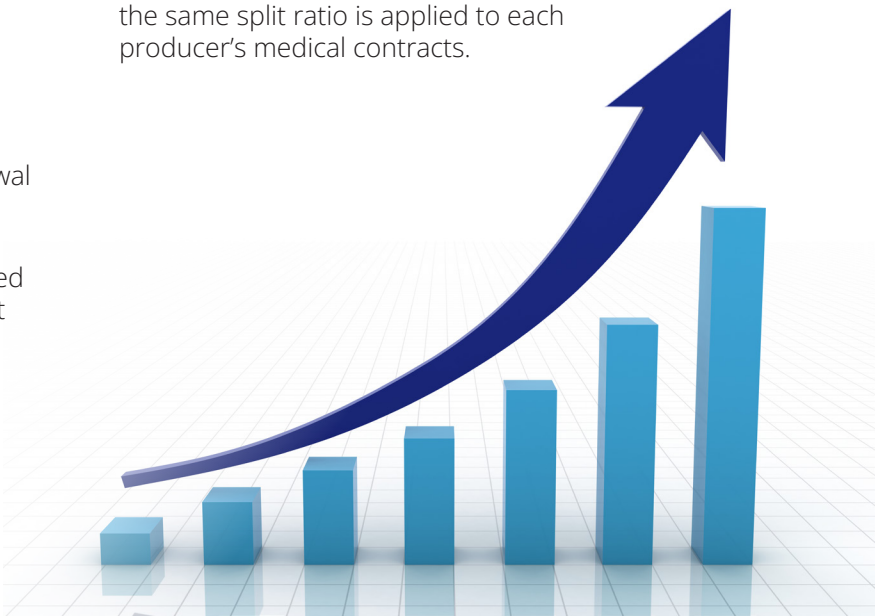
Market segment determination will be based on the account's servicing platform in the prior plan year.

*Includes pharmacy coverage written through Prime Therapeutics. Prime Therapeutics, LLC. Prime Therapeutics, LLC is a separate company and is the pharmacy benefit manager for Blue Cross and Blue Shield of Texas.

How It Works for Renewing Business

To be eligible to earn a new sales and/or renewal bonus, you must maintain at least three medical accounts and 300 medical contracts as of December 31 of the prior plan year.

- Renewal is defined as renewing an account for 12 months during the period of December 31 of the prior plan year through December 31 of the current plan year.
- Qualifying commercial accounts must be in your book of business December 31 of the prior plan year, and on December 31 of the current plan year. The monthly premium from the current plan year anniversary date must be paid and allocated.
- The renewal percentage for the Small Group market segment will be calculated separately from the renewal percentage for the Large Group market segment.
- The renewal percentage for the Small Group market segment will be determined by removing any canceled accounts from your total Small Group contract count on December 31 of the prior plan year. This new contract total will then be divided by your original Small Group total contract count as of December 31 of the prior plan year. The renewal percentage for Large Group will be calculated in the same manner.
- Market segment determination will be based on the account's servicing platform in the prior plan year.
- The cancellation of a single account will not affect the total renewal percentage by more than 10 percent.
- If commissions are split on any accounts, the same split ratio is applied to each producer's medical contracts.



Group Medical Benefit Plan Renewal (continued)

Account Cancellations

- If an account that was in effect on December 31 of the prior plan year cancels coverage during the current plan year, the contract count removed for purposes of calculating the bonus will be the number of group medical contracts associated with the account on December 31 of the prior plan year.

Producer Changes

- If an existing account changes to another producer during the current plan year, the account will not be considered a cancellation in the calculation of the percent minimum requirement for renewal percentage bonus purposes. However, it will not qualify for a renewal bonus because it will not be in the original producer's book of business on December 31 of the current plan year.
- If you are the takeover producer of an existing account during the current plan year, that account will not be included for renewal bonus purposes, as it would not have been in your book of business as of December 31 of the prior plan year.

The following will not be considered renewed accounts for the purposes of this program:

- Accounts with an anniversary date premium not paid and allocated when the renewal bonus is calculated.
- New account contracts with effective dates within the current plan year.
- Life, long-term disability, short-term disability, group dental or individual medical or dental contracts.

Compensation Policies

Definition of Producer

For purposes of the bonus program, a producer is defined as an agent/broker, agency or consultant operating under a unique tax identification number.

The bonus program is calculated at the unique tax identification level. Multiple ID numbers may not be combined.

Definitions of Plan Year, Current Plan Year and Prior Plan Year

Plan Year means the calendar year beginning on January 1 and ending on December 31. **Current Plan Year** means the plan year during which the producer bonus is determined. **Prior Plan Year** means the year immediately preceding the Current Plan Year.

Agent/Producer

The Texas Insurance Code prohibits an agent who receives compensation from a customer for the placement or renewal of an insurance product from receiving compensation from BCBSTX for the same placement or renewal, unless the agent:

- Provides advance written disclosure to the customer describing the method and factors used by BCBSTX to compute the compensation, and
- Receives documented acknowledgment from the customer that the agent will receive the compensation.

Agent and Life and Health Insurance Counselor

The Texas Insurance Code prohibits a person who is licensed as both an agent and an LHIC from receiving compensation from BCBSTX for a service performed as an agent if the person has received or will receive compensation from the customer for that same service.

Reporting

All payments made pursuant to bonus and recognition programs are subject to federal and state income tax reporting and withholding by BCBSTX (if applicable).

BCBSTX will report to an ERISA plan the value of all remuneration paid by BCBSTX to a producer representing an ERISA plan with 100 or more participants to include in its preparation of ERISA Form 5500 schedules. Reporting will also be provided upon request by non-ERISA plans or plans with fewer than 100 participants.

BCBSTX encourages you to inform your customers about the compensation you receive.

Our internal records will determine final qualification and payment of bonus awards. Adjustments requested after 90 days from payout will not be considered due to the impact on 5500 reporting.

BCBSTX reserves the right to discontinue or change this bonus program at any time without notice. Producers must be appointed and contracted with BCBSTX to participate.

WE APPRECIATE THE ESSENTIAL ROLE THAT YOU PLAY IN OUR SUCCESS, AND WE LOOK FORWARD TO GROWING OUR BUSINESSES TOGETHER.

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