



Nov. 25, 2020

## BCBSTX Updates Retail Compensation to PMPM

On Nov. 5, 2020, we delivered via email a similar message to all contracted BCBSTX producers.

Blue Cross and Blue Shield of Texas (BCBSTX) is changing its compensation schedule for individual under 65 major medical qualified health plans (QHPs). We're moving away from a percent-of-premium tiered model based on production to a flat per-member-per-month (PMPM) model. What's more, the rate for new sales and renewals will be the same.

The new commission rate change will be in effect for new and renewing sales of individual under 65 major medical qualified health plans with effective dates on or after Jan. 1, 2021.

Commissions will be based on the number of members up to five members per contract/policy. For example, if a producer writes one policy that has five total family members, the producer will be paid on the number of members (five), not contracts (one).

### Reasons for Compensation Change

- The per-member-per-month model is an industry standard.
- It rewards the work you do for annual renewals at the same rate as new sales.
- The percent-of-premium three-tiered model caused some confusion, while our new structure is simple and streamlined.
- All producers are on the same level, earning the same amount per member.

### Compensation Schedule Online

The new retail compensation schedule is available on [Blue Access for Producers](#)<sup>SM</sup>. In the "PDFs and Related Information" area, click on "Texas Compensation Schedule Consumer Markets" to view, download and print the schedule.

### Frequently Asked Questions

Q: Is the commission rate change for both Marketplace (on-exchange) and Non-Marketplace (off-exchange) policies?

A: Yes.

Q: Does the commission change include policies sold during open enrollment and special enrollment?

A: Yes.

Q: Does this commission change affect grandfathered individual under 65 major medical policies, ACA dental QHPs or individual supplemental policies?

A: No. This commission change does not affect grandfathered individual under 65 major medical policies, ACA dental policies or individual ancillary/supplemental policies.

Q: Is the commission rate change retroactive in any way?

A: No. The commission rate change will be in effect for new and renewing major medical QHPs with effective dates on or after Jan. 1, 2021.

Q: SEP policies sold with original effective dates from April 1, 2016 through Dec. 31, 2016 are not eligible for commission payments. Will you begin paying commissions on those policies?

A: Policies that are not eligible for commissions payments will remain ineligible for payment.

Q: Is the renewal rate the same for both passive and active renewals?

A: Yes.

Q: Is this change occurring in other states?

A: Montana also uses a PMPM flat rate for major medical QHPs in the individual market. Regarding Illinois, New Mexico and Oklahoma, we continue to assess and evaluate our commission structure on an ongoing basis and will make adjustments as appropriate.

Q: Does this commission change affect other lines of business?

A: No. This change only affects commissions for major medical QHPs in the individual market.