

# 2020 Anthem Connecticut

## PRODUCER COMPENSATION PROGRAM

Supporting your success

## Reach higher with the ACE Broker Achievement Program

As a key partner, you are an essential part of our success. With the ACE Broker Achievement Program, your team can achieve Advantage, Champion or Elite status to take our partnership to the next level.

With each new tier, your agency will become eligible for more opportunities, including priority service, robust training and strategic planning to drive higher growth and greater success. Reach the highest level — and you'll become a strategic partner with tools, services and opportunities to shape the future of our industry.

Agencies are measured based on the total contracts you have on the books with us and each contract is weighted by line of business.

Contract type	Point allocations
Fully insured	10
Individual or senior	5
Dental, life, STD or LTD	2
Vision	1

Administrative services only (ASO) points and contracts (medical and dental) are worth 30% of the fully insured value.

Book of business contracts*	Total point tier designations		
Weighted book of business contracts, all segments	20,000+	2,000-19,999	<2,000
Tier status	Elite	Champion	Advantage

\* A minimum of five cases or 50 consumer contracts are needed to qualify for Elite or Champion status. A minimum of three cases with 50 total contracts in the total book of business are needed to qualify for a bonus payment.

### Building your business with us is even more rewarding

#### If your performance sets you apart from the pack, shouldn't your compensation?

When you've excelled above the rest, you deserve a higher level of recognition. That's the driving force behind our Champion and Elite levels. Both levels offer increased compensation to top producers who have excelled. These levels are designed to recognize your success and are part of our commitment to support the growth of your business.

In addition to other ACE program values, we pay renewal fees associated with Connecticut appointments for Elite- and Champion-level producers. The Connecticut Department of Insurance charges these fees every other year.

The **Net Growth Bonus program** is structured to reward ACE producers for Small Group and Large Group medical membership growth. You can enhance your incentive payout and improve persistency simply by helping your clients with a single-source solution for all of their benefit needs — a winning solution for everyone.



## Rewards for Small Group and Large Group medical business net growth

One aspect of this bonus program is that our success and the success of our valued producer partners are tied to each other. As you add new clients, our membership grows while your bonus grows. And the more your membership grows, the more you're rewarded.

Your medical bonus is based on the net growth of enrolled group subscribers from December 31, 2019, to December 31, 2020. Your payout is calculated by multiplying the appropriate per contract per year (PCPY) incentive amount by your total number of subscribers as of December 31, 2020. For ASO groups and those with other alternative funding arrangements, enrolled subscribers count as 30% of fully insured weight when calculating bonuses.

Medical bonus			
Net growth	Elite PCPY amount	Champion PCPY amount	Advantage PCPY amount
0-4.99%	\$24	\$18	\$10
5-9.99%	\$55	\$44	\$17
10-14.99%	\$57	\$46	\$19
15-19.99%	\$59	\$48	\$21
20% or higher	\$61	\$50	\$23

A minimum of three cases and 50 contracts are needed to be eligible for a bonus payment.

**Example:** A Champion producer achieves 6.5% medical subscriber growth in 2020 and ends the year with 250 subscribers. This producer's medical bonus would be \$44 x 250, or \$11,000.

**Example:** An Elite producer achieves 6.5% medical subscriber growth in 2020 and ends the year with 2,500 subscribers — 1,600 fully insured subscribers and 900 weighted ASO subscribers (3,000 subscribers multiplied by the 30% weight for ASO contracts). This producer's medical bonus would be \$55 x 2,500, or \$137,500.

## Specialty growth requirements for annual bonus

In order to qualify for an ACE bonus, you must sell a minimum number of new specialty members. If you are a Champion or Elite producer, you have the opportunity for a bonus even if you don't achieve your agency tier level requirement.

2020 specialty membership goals for annual bonus		
Agency tier	Number of new specialty members	Payment level
Elite	500	Elite
	200	Champion
	50	Advantage
Champion	200	Champion
	50	Advantage
Advantage	50	Advantage

Vision as well as embedded vision and pediatric dental essential health benefits don't count toward membership goals.

**Example:** If you are an Elite producer, your new specialty membership goal is 500 annual members. If you had annual growth but did not meet the goal of 500 specialty members, but did meet the Champion goal of at least 200 new specialty members, you'll be eligible for a Champion-level bonus.

It's also important to note that specialty membership is tracked within each line of business separately. So it's easy to double or triple your new specialty membership with multiple lines of business for each client.

**Example:** If group ABC has 10 employees and each employee enrolls in both life and dental, then group ABC is counted as 20 new specialty members.







# 2020 Anthem specialty bonus program

## New business bonus

### February 1, 2020, through January 31, 2021, effective dates

To qualify for the new business bonus, all you need to do is bring in a minimum of 10 new lines of coverage (LOC) and \$75,000 in new annualized premium.<sup>1</sup> If you bring in more than \$250,000 in new annualized premium, we'll waive the LOC requirement.

There are five levels of payout you can meet, so the more new specialty lines you sell, the higher your bonus payout will be.

Combined lines of coverage for dental FI, life, STD, LTD, accident, CI, HI	Annualized premiums - combined lines of coverage for dental FI, life, STD, LTD, accident, CI, HI	Bonus on new annualized premium <sup>2</sup>	Bonus per new ASO dental contract <sup>3</sup>	Bonus per new ASO vision contract <sup>3</sup>
10 LOC and	\$75,000	1%	\$1.20	\$1.00
20 LOC or	\$250,000	2%	\$1.20	\$1.00
30 LOC or	\$750,000	2.5%	\$1.20	\$1.00
40 LOC or	\$1,500,000	3%	\$1.20	\$1.00
50 + LOC or	\$3,000,000	4%	\$1.20	\$1.00

FI = fully insured, STD = short-term disability, LTD = long-term disability, CI = critical illness, HI = hospital indemnity

## Retention bonus

Along with rewarding you for new sales, we want to reward you for renewing your current book of business. To be eligible for the specialty retention bonus, you must:

- Achieve the new business bonus.
- Have at least 10 lines of coverage and \$100,000 in annualized premium for fully insured dental, life, disability, accident, critical illness and hospital indemnity at the beginning of the bonus period.
- Have a minimum of 87% persistency.

Premium retention %	Payout % for fully insured premium <sup>2</sup>	Bonus per eligible ASO dental contract <sup>3</sup>	Bonus per eligible ASO vision contract <sup>3</sup>
87% to 89.99%	0.75%	\$1.20	\$1.00
90% to 94.99%	1%	\$1.20	\$1.00
95%+	1.5%	\$1.20	\$1.00

<sup>1</sup> You must first sell a minimum of 10 new LOCs and \$75,000 in new annualized premium. Only fully insured dental, life, disability, accident, critical illness and hospital indemnity count toward the LOC/premium requirement.

<sup>2</sup> For fully insured dental groups, we'll apply the full premium amount toward qualification. However, payment on any eligible fully insured dental and/or fully insured vision premium will be at 75% of face value, subject to all applicable payment caps.

<sup>3</sup> There is no payout for ASO dental or vision if you don't meet the minimum qualifications. There is no payout for dental or vision products embedded in the medical product.



# Group bonus compensation program guidelines

## Eligibility:

- You must be in good standing with us and hold an active license appointment to participate in the medical compensation programs. You must also be in good standing with Anthem Life and hold an active license appointment to participate in Anthem Life's compensation programs.
- Consulting arrangements, professional employer organizations and other noncommissionable groups and contracts don't qualify toward program eligibility or criteria for any bonus or compensation program outlined in this document.
- An agency's tier is determined semiannually:
  - On September 30, 2019, agency tiers are determined for 2020.
  - On March 31, 2020, an agency's tier is determined for July 1, 2020, through December 31, 2020. This will only reflect upward tiering movement.
  - These dates were determined to allow processing time for commission groups and producer notification.

## Calculations:

Your payout is calculated by multiplying the appropriate PCPY incentive amount by your total number of subscribers as of December 31, 2020.

Individual (non-Medicare) products and group and Individual Medicare plans are excluded from all bonus eligibility calculations except for any product-specific bonuses.

## Administration:

- The annual maximum bonus payment per agency or combined book of business is \$750,000.
- All producer of record (POR) designations are effective the first day of the month after we receive notification.
- A POR change doesn't qualify as a new business or contract. As long as we keep the business, POR changes are applied as an adjustment to the beginning inventory. PORs that result in a canceled group will impact the inventory of the producer who last received a commission from us.
- Cases changing POR and remaining with us:
  - *Producer losing the case:* The case and associated contracts are removed from the beginning inventory to calculate bonus eligibility.
  - *Producer gaining the case:* The case and associated contracts are not counted toward net growth bonus eligibility.
- Any group that is moved in either direction between the Municipal Employee Health Insurance Plan (MEHIP) and directly with us is handled under the POR policy described above for both the losing and gaining producers.
- You have 90 days from getting your producer commission accounting statement to dispute any alleged errors. Notification of the alleged error must be given, in writing, to our Producer Relations department.
- Any change, exception or missing case that would affect the status and payment under the current bonus program must be given, in writing, to our Producer Relations department.
- Requests for retroactive adjustments of bonus payments for 2020 are not accepted after the close of business on March 31, 2021.
- Two or more merged producers' books of business are not a single entity for bonus purposes unless an integration of business ownership and/or operating structure is shown. Integration may be shown through a valid merger, consolidation or sale of assets or through the consolidation of control among two or more entities such that they are considered to be under common ownership or control.



- If you purchase another producer's inventory, you must notify the acquired accounts. The manner of notification must be approved by us. After we receive the notice, cases will be reassigned to your beginning inventory, if applicable.
- According to our *Standards of Business Conduct*, if you accompany one or more of our associates and business is conducted as required by law, the nonbusiness portion of goods and services associated with this meeting must be reported to the IRS on form 1099-MISC.
- This 2020 producer compensation program brochure is a part of the *Agent (Producer) Agreement*. These programs are specific for producers writing business in Connecticut.
- We reserve the right to create special midyear or midterm bonus opportunities, offered and conducted in a manner consistent with the terms of this compensation description. All special bonus programs and opportunities are communicated to producers who we consider to be eligible to participate.
- Commission, bonuses and the value of any trips and prizes are reported to all groups of 100 or more contracts to complete ERISA Form 5500 whether or not they are required to file. Only the amount attributable to that group must be reported to them.
- You must fully disclose to your group clients, subscribers or applicants for insurance all reportable compensation received from us in the manner consistent with applicable federal or state law, regulations and requirements.





# Specialty bonus guidelines

- **Qualifying business:** New lines of coverage with effective dates from February 1, 2020, through January 31, 2021, are eligible for inclusion. All lines of coverage/groups for new business and persistency-level bonuses must be in force on January 31, 2021, to be counted.
- **New coverages:** New life, disability, accident, critical illness, hospital indemnity and fully insured dental lines of coverage/groups added to existing groups in the qualifying period will be considered as new lines of coverage/groups under the specialty bonus program. Organic growth, increases in coverage/face amount or a change from embedded to nonembedded coverage aren't considered new lines of coverage/groups. (Acquisitions or adding new divisions to an account will be reviewed on an exception basis.)
- **Contract:** Each subscriber constitutes a contract.
- **New business annualized premium:** Annualized premium means 12 times the first month's paid premium (or estimated first month's premium where necessary) for qualifying new business.
- **Persistency calculation:** Persistency is measured by taking annualized paid premium in force on January 31, 2021, excluding new sales from February 1, 2020, through January 31, 2021, and dividing it by annualized paid premium in force on January 31, 2020.
- **Eligible lines of coverage:** Short-term disability, long-term disability, voluntary short-term disability, voluntary long-term disability, life, voluntary group term life (stand-alone), fully insured dental, voluntary dental, vision, voluntary vision, accident, critical illness and hospital indemnity. (AD&D, dependent life and supplemental life coverage aren't included in the line of coverage requirement count. ASO dental and vision aren't included in the line of coverage requirement count; however, the contracts/premium will be included in all compensation calculations. No compensation will be paid for dental or vision products embedded in the medical product.)
- **Lines of coverage/group maximum:** There is a \$25,000 per line of coverage cap per group. Accident, critical illness and hospital indemnity have a combined \$25,000 cap per group.
- **Exclusions:** Bonus includes only groups on which Anthem is paying commissions. Groups sold by a consultant (for example, acting on behalf of the group) aren't eligible for bonus. General agents also aren't eligible for the bonus.
- **Payment:** The specialty bonus is scheduled to be paid by June 30, 2021.

This serves as a summary of the key components of the Anthem Specialty Broker Bonus Program. For a full description, including any changes to the program or other limitations, exclusions and specific qualification details, contact your Anthem Specialty representative.

Unless specifically outlined by Anthem, groups, premium and contracts covered under this bonus program will not qualify for any other Anthem Specialty Bonus program.

Compensation under this program will be reported where required under federal and/or state law. Anthem reserves the right to make all rules and determinations regarding the bonus program, and may modify or eliminate the program at any time without notice.