

BCBSTX Regulated Small Group Compensation Frequently Asked Questions

Q: Why are you making this commission change?

A: Percent-of-premium commission rates have seen inflationary increases year over year. As a customer-owned health insurer, BCBSTX is owned by our policyholders. This requires that we approach the critical issues affecting healthcare financing, access, and delivery. As the marketplace evolves, we, in turn, need to make changes to our producer commission models to continue offering sustainable health options.

Q: Why are producer commissions being used to manage cost of care?

A: BCBSTX has been closely and systematically analyzing what we can do to affect cost of care and “move the needle.” Our holistic, enterprise-wide affordability of care initiatives include programs and projects as varied as:

- Developing member campaigns and online tools that help members understand the cost of care
- Working closely with our providers and analyzing fee schedules
- Implementing multiple pharmacy network and prescription initiatives
- Increasing utilization management

Q: When was the last time that BCBSTX changed its small group commission rates?

A: BCBSTX has not changed its small group commission rates – or any group commission rates – since 2011. We did change our compensation schedule in 2014, but that was to clarify that commissions were based on premiums minus new ACA taxes and fees; rates have remained the same for over six years.

Q: Which small group accounts does this commission change affect?

A: Commission rates for all small group major medical policies are affected, except for transitional policies, grandfathered policies, and Blue Balance FundedSM ASO programs.

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

A: No. The commission rate change will be in effect for new business and upon renewal on or after Jan. 1, 2018. The commission change is based on the plan’s effective date, not on the application or “sale” date.

Q: How do these changes affect producer of record transfer requests?

A: The new producer of record assumes the commission rate in force at the time of transfer, not the rate in force at the time of the original effective date.

Q: How do these changes affect General Agent compensation?

A: General Agent override percentages are not changing at this time.

Q: My agency is purchasing/acquiring/merging with another business. How does the commission rate change affect book of business transfers?

A: This change does not impact book of business transfers. Normal documentation is required for a book of business transfer. The process in place now will remain.

Q: How will this commission change be rolled out to in-force group business?

A: For existing business, commission rates will be adjusted upon renewal.

Q: Are you compliant with Texas and federal regulations by changing commission rates?

A: We believe we are compliant with applicable laws.

Q: Are you reducing small group commissions because of losses in the past in the retail market?

A: No. We can’t cross-subsidize between different lines of business. Each line of business operates separately and must be sustainable on its own.