



PROGRAM AWARDS FOR SALES CHANNELS

Connect for Health Colorado-Policy Committee
December 14, 2015

Background

- C4HCO's structured as an independent, not for profit organization, established as a Marketplace for the purchase of QHP products, which "sells" through direct effort and with channels
- C4HCO is considered a Marketplace, store, sales organization with sales targets for lines of business channels. Brokers =50% production for FY2016
- Connect for Health Colorado has a strategic initiative to double the size of its' SHOP line of business in FY2016
- The Board has two polices dating back to 2012 regarding channels and compensation:
 - Navigator Role and Compensation- The Board voted on guiding principles for brokers and navigators including that navigators cannot receive commissions from health plans and that brokers, based on their licensure and certification, may receive commissions and can advise consumers on health plan choice.
 - Broker Relationship and Compensation-The Board voted to adopt guiding principles, including that COHBE should partner with brokers and agents, that broker and agent compensation should be comparable inside and outside the Exchange, that brokers and agents will participate in both the Individual and the SHOP Exchanges, and that individuals and small businesses should NOT be required to use a broker or agent.

Market Reality in 2016

- In Summer 2015 multiple Carriers announced an incentive program for Small Group brokers for new business to be paid only “Off” Exchange
- In Fall 2015 a large Carrier announced that commissions would not be paid to brokers outside of Open Enrollment-resulting in no compensation for brokers from January 1, 2016 - November 1, 2016
- In Fall 2015 a large Carrier was deemed insolvent and brokers were notified that current AR and any billing owed in Q4 2015 would not be paid
- In September 2015 a large Carrier announced that they would cease paying commission during Q4, to brokers for plans on Exchange and the same plan off Exchange
- One large carrier reduced commission for 2016 on all Gold Plan
- While comparability of compensation was a policy decision of the Board, the forces of a very competitive insurance market are resulting in the Marketplace being driven by Carrier compensation decisions
- C4HCO does not wish or aspire to pay commissions, but felt it does need tools in the sales toolkit to focus sales efforts and attention

C4HCO Response to Market Reality

- In Summer 2015, a Broker Award Program directed at SHOP retained and new business was developed and launched August 2015
- Vetted through:
 - Broker Advisory Group (June/July 2015)
 - Division of Insurance (July 2015)
 - C4 Management and Legal Teams (June/July 2015)
 - Carrier Partners (July 2015)
- Communicated through:
 - 5 Colorado Association of Health Underwriter forums – approx. 200 attendees; including Brokers and Carriers
 - 600 “flyers” to Small Group Brokers
 - Broker Roadshows across Colorado attended by Brokers and Carriers

Note: No objections were expressed during this 3 month introduction with >1,300 stakeholders
- C4HCO did not have sales awards at the ready to focus HealthOp Brokers on the Marketplac. Missed opportunity?
- C4HCO’s revenue is based on enrollments. Focusing sales attention with non-incentive, non-commission award programs is good sales support practice

Strategic Questions for the Policy Committee

- With the focus on financial sustainability, how would the board like staff to consider the balance of the changing market factors taking place?
- Is the award for specific sales opportunities compliant with regulatory, accounting, operational and audit standards?
- Will C4HCO need specific sales award programs when launching Non-QHP products and services?
- Now that some Carriers are opting out of paying commissions to brokers and the basis for funding “navigators” was that they don’t earn commissions; does the Marketplace have a duty to create an appropriate and acceptable “financial award” mechanism?
- If a program to support financial and business is vetted and communicated across stakeholders with no objection; what additional step would the board like to ensure is taken?