



# 2022 Broker Compensation Plan

## Massachusetts



Being a strategic partner to our brokers is about being a good listener and delivering the products, tools and resources you and your clients need. It's also about providing you with fair, competitive compensation designed to support our mutual success.

### Small & Mid Group Commissions (Less than 51 enrolled)

For Massachusetts-based accounts, we will pay commissions to qualified brokers based on a per subscriber per month (PSPM) schedule. Commissions are paid each month based on the number of subscribers enrolled as of the last day of the prior month.

ENROLLED SUBSCRIBERS	COMMISSION
2-4	\$10 per enrolled subscriber
5-9	\$25 per enrolled subscriber
10-50	\$29 per enrolled subscriber

- Applies to accounts sold directly through Harvard Pilgrim and/or Tufts Health Plan.
- Applies to accounts of five or more eligible subscribers only.

### Large Group Commissions (51+ Enrolled)

Commissions will be paid each month based on the number of subscribers enrolled as of the last day of the prior month. Commissions are calculated using a graded PSPM schedule. For example, commissions on a group of 250 subscribers would be paid \$29 for the first 50 subscribers, \$22 for the next 50, and \$11 for the remaining 150.

ENROLLED SUBSCRIBERS	MONTHLY COMMISSION PER SUBSCRIBER
First 50	\$29
Next 50	\$22
101+	\$11

- Applies to fully insured and Medicare Enhance accounts only.
- Commission schedules are assigned to accounts based on the number of enrolled subscribers, not the rating class.

### Large Group Sales Incentive

A Large Group Sales Incentive will be paid on a quarterly basis for the sale of new business Community Rated by Class (CRC) and Experience Rated Formula (ERF) fully-insured accounts. To qualify, brokers must meet the following new business criteria:

- **Q1: 3 new accounts**
- **Q2 – Q4: 2 new accounts**

Any combination of CRC and ERF fully-insured accounts will qualify. Payouts are as follows:

- **\$10,000 per account**  
with 40-99 enrolled subscribers
- **\$20,000 per account**  
with 100 or more enrolled subscribers

### Medicare Enhance Commissions (Group)

- Commissions will be paid to qualified brokers based on the standard group commission schedules.
- Please note that Medicare Enhance is not commissionable when associated with a self-insured account.

## Tufts Medicare Preferred Commissions (Group)

All fully-insured Tufts Medicare Preferred Supplement and fully-insured Tufts Medicare Preferred Prescription Drug plans follow the new business and renewal of existing business monthly commission schedule detailed below. Medicare premium is not combined with commercial premium.

MONTHLY COMMISSION SCHEDULE	COMMISSION
<b>New Business:</b> 3% on the first \$500,000 2% on the next \$500,000 1% over \$1 million  <b>Renewal of Existing Business:</b> 3% on the first \$500,000 2% on the next \$500,000 1% over \$1 million	Premiums received

- Commission schedule effective 1/1/2022 – 12/31/2022, regardless of account renewal date.
- Paid monthly based on the group's premium received for the period covered.
- Premium received for each group is accumulated on a calendar-year basis, regardless of the group's renewal date.

Commissions for fully-insured Tufts Medicare Complement (TMC) and fully-insured Tufts Medicare Preferred HMO plans are one-time payments of \$100 for each new member who enrolls within the first 90 days immediately following the initial product sale.

## Standard New Sales Bonus

LEVEL	FULLY INSURED NEW SUBSCRIBERS	BONUS
Tier 1	750	\$123
Tier 2	500	\$111
Tier 3	250	\$100
Tier 4	100	\$90

- New sales bonus payouts are paid by subscriber, each calendar year – based on group size.
- Structure includes four (4) tiers.
- There is no retention requirement.
- The minimum subscriber threshold is 100.
- Payout percentages are reflected in the Standard New Sales Bonus Chart.

## Standard Retention Bonus

LEVEL	FULLY INSURED RETAINED SUBSCRIBERS	80%	85%	90%	95%
Tier 1	5000	\$34	\$42	\$73	\$85
Tier 2	2000	\$31	\$39	\$66	\$77
Tier 3	1000	\$22	\$28	\$55	\$66
Tier 4	250	\$9	\$11	\$22	\$33

- Based on existing business only.
- Retention bonuses are calculated annually based on the number of subscribers on 12/31/2022 and compared to the previous year (as of 12/31/2021) to determine the groups' retention percentage and corresponding bonus rate.
- Retention thresholds are 80%, 85%, 90% and 95%.
- There are four (4) tiers and each tier contains four (4) potential payout amounts, depending on the retention percentage met as indicated in the Standard Retention Bonus chart.

## ASO Bonus

- Any broker that qualifies for either the Standard New Sales or Retention bonus would also receive an additional bonus payout on any ASO business they have with our organization.
- The payout will be .5% of the administrative fees for any Tufts Health Plan, Harvard Pilgrim or Health Plans, Inc. business.
- Accounts with Stop Loss insurance will receive a higher payout of .75%.

## Broker of Record Takeover Commissions (Group)

If an account on which commissions are not being paid names a credentialed broker as its Broker of Record, we will pay commissions to that broker based on the commission schedule described in this brochure.

- A valid and dated Broker of Record letter on the account's letterhead and signed by an officer of the account must be presented.
- Commission payments will be payable beginning on the next anniversary date after Harvard Pilgrim or Tufts Health Plan receives the Broker of Record letter.
- Applies to accounts sold directly through Harvard Pilgrim and/or Tufts Health Plan only.
- Premiums generated on Broker of Record Takeover accounts do not qualify as new business for bonus programs.

## Change in Broker of Record (Group)

Upon receipt of a valid and dated letter on the account's letterhead and signed by an officer of the account changing the Broker of Record, we will make the change effective the first day of the month following receipt of the letter. Broker of Record letters will be honored up to 90 days from the date of the letter.

The named broker must be credentialed with Harvard Pilgrim and/or Tufts Health Plan. Commission for newly written business will be paid to the original broker for the first 90 days, regardless of whether a new Broker of Record letter is received during this time period.

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## Terms and Conditions

- The commission plans described in this brochure are available only to qualified brokers who are licensed by the Massachusetts Division of Insurance and who have signed the Harvard Pilgrim Health Care and/or Tufts Health Plan Broker Agreement and Business Associate Agreement.
- Subscribers acquired via agency acquisition will be added to both the current year and historical year for retention calculation purposes and assessed as of the aggregation date.
- Aggregation requests must be communicated to us by 7/1 in order to be considered for current year bonus calculations.
- Bonuses apply only to accounts sold directly through Tufts Health Plan, Harvard Pilgrim or the Massachusetts Health Connector.
- Bonuses will be based on subscribers represented in 2022 and paid no later than March 31, 2023.
- To assign a commission schedule to an account, we verify the number of enrolled subscribers once per year. Off-anniversary changes in subscriber counts will not change the account's commission schedule.
- We reserve the right to change or modify this plan without prior notice.
- If we receive multiple Broker of Record takeover letters on the same account, the most current letter will be honored.
- If there are disputes regarding the interpretation of any of the details of this Broker Compensation Plan, we reserve the right to final interpretations.
- A returning group will be considered "new" if there has been a minimum of 12 months since their last effective date.
- Subscribers represented by accounts lost due to a Broker of Record Letter but remain active with Tufts Health Plan and/or Harvard Pilgrim will be removed from the current and historical subscriber base to avoid the negative effect on retention calculations.
- Subscriber total is counted across all states and bonus payment will be applied to the state in which each account is located.
- Error in Payment: The broker will reimburse us for any commissions erroneously paid to the broker for any reason and we also have the right to offset any overpayments from future payments. We will adjust payments to the broker for a period not to exceed the 12 months immediately preceding the date upon which we receive notice of any error. We may pay commissions retroactively if a Broker of Record is not processed correctly.
- The commission plan described herein applies to fully insured groups with up to 1,000 eligible employees. For groups with 1,000 or more eligible employees, we reserve the right to negotiate a client-specific schedule with the broker.
- We may also offer brokers the opportunity to participate in contests and special programs, which shall be deemed to be included in the Broker Compensation Plan.
- Broker has the legal obligation to disclose to accounts any compensation paid or payable under this Plan, including the disclosure obligations under the Consolidated Appropriations Act of 2021.



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