

## 2005 Producer Commission Program

UPMC Health Plan's 2005 Producer Commission Program offers a variety of payment structures based on the number of enrolled contracts a producer delivers from each client group. Both new and renewal business qualify for the Producer Commission Program.

# of Enrolled Contracts	Commission
50 or fewer	\$19.50 per contract, per month
51 to 99	4% of medical premium
100 or more	Negotiated on a case by case basis



## 2005 Producer Incentive Program

### New Sales Bonus

Any producer that sells at least two qualified accounts (see qualifications below) will receive a payment of 0.5% of medical premiums or 2% of ASO fees on those qualified accounts.

In order for an account to qualify toward the New Sales Bonus:

- ▼ The effective date on the account must be between January 1, 2005, and December 31, 2005, inclusive.
- ▼ The account must result in a total of 51 or more enrolled UPMC Health Plan contracts.
- ▼ The sale must not be to an existing customer or to any division of an existing customer.
- ▼ The producer must be the producer of record (POR) for the account as of the recorded date of the sale.

### New Producer Bonus

Producers will receive a flat payment of \$2,000 when they sell their first group with 51 or more enrolled contracts.

In order for an account to qualify for the New Producer Bonus:

- ▼ The producer must not have written any new accounts with 51 or more enrolled UPMC Health Plan contracts since January 1, 2003.
- ▼ The effective date on the account must be between January 1, 2005, and December 31, 2005, inclusive.
- ▼ The account must result in a total of 51 or more enrolled UPMC Health Plan contracts.
- ▼ The sale must not be to an existing customer or to any division of an existing customer.
- ▼ The producer must be the producer of record (POR) for the account as of the recorded date of the sale.

### Retention Bonus

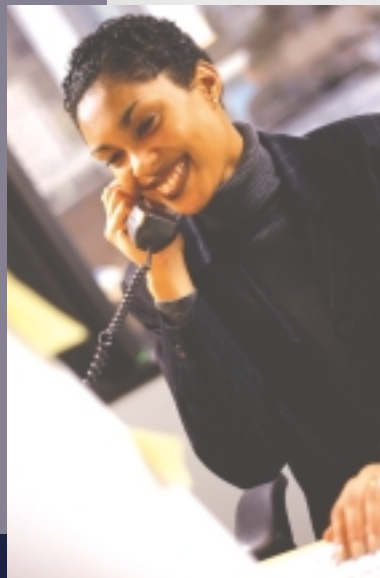
In order to qualify for a Retention Bonus, a producer must have:

- ▼ An overall total of 500 or more enrolled UPMC Health Plan contracts AND
- ▼ At least three accounts which each have 51 or more enrolled Health Plan contracts

The Health Plan will calculate retention bonuses by comparing a producer's book of business (all enrolled contracts, for both fully insured and ASO programs) as of December 31, 2004,

Contract Retention	Bonus
Greater than 97%	\$10.00 per enrolled contract
92.01% to 97%	\$8.00 per enrolled contract
88% to 92%	\$4.00 per enrolled contract
Less than 88%	None

to the producer's book of business as of December 31, 2005, and adjusting for enrollment changes due to renewals (increases) and cancellations (decreases). UPMC Health Plan considers only a producer's renewing groups when calculating a Retention bonus, and will not consider more than 2,000 contracts per account.



## Compensation Program Guidelines

### Eligibility

All producers licensed and appointed in the state of Pennsylvania are eligible for the 2005 UPMC Health Plan Producer Compensation Program, subject to the terms and conditions outlined below. The UPMC Health Plan 2005 Producer Compensation Program includes the following components:

- ▼ Producer Commission Program
- ▼ Producer Incentive Program
  - New Sales Bonus
  - New Producer Bonus
  - Retention Bonus

### UPMC Health Plan Select Producer status

UPMC Health Plan defines Select Producers as those brokerage firms that achieve a minimum of 500 enrolled UPMC Health Plan contracts. Any non-Select Producer that reaches the level of 500 enrolled contracts will be awarded UPMC Health Plan Select Producer status for the remainder of 2005.

While all producers licensed in the state of Pennsylvania have the ability to obtain direct rate quotes from the Health Plan on medical insurance for groups with more than 50 eligible employees (EEs), achieving UPMC Health Plan Select status allows a producer to obtain direct quotes for all groups, even those with 50 or

fewer EEs. Select status also gives a producer access to Producer OnLine, the Health Plan's Internet-based system that produces rate quotes for groups that have 50 or fewer EEs.

Producers that do not have Select status with UPMC Health Plan must obtain rates from a Select Producer in order to offer a quote on a group with 50 or fewer EEs. The non-Select Producer will become a sub-producer for the Select Producer on that particular account. For this type of account, UPMC Health Plan will pay commission directly to the Select Producer. The Select Producer will then remit commission payment to the non-Select sub-producer in an amount mutually agreed to by both parties.

### Producer of record

UPMC Health Plan will honor an existing Producer of Record (POR) letter when one producer takes over a UPMC Health Plan group client from another producer. The group client must notify UPMC Health Plan of the change via written notification on company letterhead, signed by a company officer. When a POR letter indicates a change to the producer receiving commission payments on the account, the change will become effective on the first day of the month following the Health Plan's receipt of the letter (unless the letter specifically indicates a different timeframe).

Except at the time of the group's annual renewal, UPMC Health Plan will not

honor a POR letter for any group client on which the Health Plan is not currently paying commission to an outside party.

### Commission payments versus consulting fees

Producers do not have to be receiving compensation on a base commission scale in order for a case to qualify for the UPMC Health Plan Producer Compensation Program; for example, a producer can be receiving a consulting fee as opposed to commission payments.

### Program limits

There is an annual maximum of \$100,000 per producer on compensation earned under the UPMC Health Plan New Sales Bonus Program.

There is a separate and distinct annual maximum of \$100,000 per producer on compensation earned under the UPMC Health Plan Retention Bonus Program.

There is no maximum on the amount of compensation that a producer can earn under the UPMC Health Plan Producer Commission Program.

### Payment terms

UPMC Health Plan will pay 2005 New Sales Bonuses and 2005 New Producer Bonuses approximately 60 days following the effective date of the new account. The Health Plan will pay 2005 Retention Bonuses in the first quarter of 2006.

When a client group keeps UPMC Health Plan as its health insurance carrier but

changes its POR during 2005, the Health Plan will move Producer Commission Program payments on the client group to the newly appointed producer. However, the client group (and the contracts associated with it) will not count for the newly appointed producer toward any New Sales, New Producer, or Retention bonuses under the Producer Incentive Program.

The client group (and the contracts associated with it) will remain in the former producer's book of business through December 31, 2005, for the purpose of calculating New Sales and Retention bonuses.

### Disclosure

Producers should be aware that compensation received under the UPMC Health Plan 2005 Producer Compensation Program is subject to disclosure as a separate line item on federal government Form 5500. The form should state:

"The producer was provided these monies for sales on an aggregate basis and this amount was not charged to this account."

### Term of program

The term of the UPMC Health Plan 2005 Producer Compensation Program is from January 1, 2005, through December 31, 2005.



UPMC Health Plan is pleased to introduce its 2005 Producer Compensation Program. This program, along with the Health Plan's status as the only area health insurer owned by a world-class health system, combine to make UPMC Health Plan an attractive choice for both you and your clients.

### UPMC Health Plan Offers Producers Unique Benefits

Close collaboration with the world-renowned medical experts of the University of Pittsburgh Medical Center allows UPMC Health Plan to offer access to the finest health care, latest medical breakthroughs, and most effective wellness programs in a way that no other insurer in the region can duplicate.

Producers can recommend the Health Plan to their clients with confidence, knowing that UPMC Health Plan covers care that is prescribed, delivered, and insured by members of the same team, all working toward the same goal — members' health.

A relationship with UPMC Health Plan offers producers other benefits that are available from no other insurer in the western Pennsylvania marketplace:

- ▼ The ability to do business with the health plan ranked:
  - Number one in the United States for breast cancer screening
  - The only commercial insurer in western Pennsylvania in the top five of NCQA's 2004 "State of Health Care Quality" report for the Mid-Atlantic region

▼ Shaping My Health OnLine, a suite of health promotion tools powered by WebMD, one of the most respected names in the health care industry. This practical, easy-to-use, interactive website provides members with 24/7 access to a huge collection of valuable health information.

▼ Assist America, our exclusive global emergency travel program that can locate qualified doctors and hospitals, replace forgotten prescriptions, provide emergency medical evacuation, or arrange transportation to be with injured relatives.

▼ Outstanding customer service through the Health Plan's Producer Hotline telephone system and Producer OnLine, the Internet-based system exclusively for Select Producers, that creates rate quotes for groups with 50 or fewer EEs.

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# Producer Compensation Program

2005

UPMC HEALTH PLAN

