

For Consumer Direct contracted brokers only

For additional information or supplies, please contact your Broker Sales Representative.

Not intended for distribution to groups or members

Date: October 18, 2018

Market: Consumer Direct

\$30 Bonus Per Contract Switch from PPO Plan to HMO Plan

CareFirst has a well-developed campaign encouraging CD members currently enrolled in PPO plans to switch to HMO plans. Brokers will be paid \$30 per contract for each policy enrolled in an ACA PPO plan through 12/31/18 that switches enrollment to an ACA HMO plan effective 1/1/19. This is a one-time payment bonus per each contract (payout on 3/15/19).

What is the campaign?

CareFirst is encouraging our ACA PPO policyholders to migrate to an HMO option during the 2019 Open Enrollment Period (11/1/18 – 12/15/18). We are in the process of creating:

- Direct Mail communication via USPS and email
- Dedicated web page on carefirst.com
- Radio, print, and digital advertising

Why are we doing the campaign?

CD members on PPO plans can save up to 43% on monthly premiums if they switch to an HMO plan. If a member switches from a PPO plan to an HMO plan on the same metal level, their savings percentage is as follows:

- Bronze monthly savings = 43%
- Silver monthly savings = 29%
- Gold monthly savings = 34%

Broker Details

Brokers have strong relationships with CareFirst CD members. Broker product recommendations are instrumental during Open Enrollment, so we have established the following guidelines for the bonus:

- \$30 per contract for each policy that was enrolled in an ACA PPO plan through 12/31/18 and switches enrollment to an ACA HMO plan effective 1/1/19.
- Bonus is paid to Sub-Agent attached to the policy effective 1/1/19.
- Bonus will not be paid if there is no broker attached to the policy effective 1/1/19.
- No bonus is paid if policy terminates effective 1/1/19.
- Beginning 1/31/19, internal CareFirst staff will research each ACA PPO brokered policy to determine if the policy migrated to an ACA HMO policy and confirm if a broker is attached.
- Bonus will be calculated and paid 3/15/19 to the General Agency/Sub-Agent of record.
- Sub-Agent is not eligible for bonus if the policy was not brokered prior to 12/31/18.

Key Differences Between 2019 PPO and HMO Plans

	PPO	HMO
Rates	Reduced for 2019	Additional 29% -- 43% lower than PPO
Doctor Network	47,000 doctors	44,000 doctors, including 93% of doctors who are in the PPO network
Referrals to See Specialists	Not required	Not required
Lab Network	Larger network for lab work	LabCorp with 91 locations in MD, D.C. and Northern VA
Out-of-Network Benefits and coverage outside of MD, D.C. and Northern VA	Yes	Limited to emergency care and online doctors via CareFirst Video Visit

There are factors that may discourage a PPO member from switching to an HMO. These include if the policyholder:

- lives outside the CareFirst service area
- receives a large premium subsidy
- is engaged in active medical care from a non-HMO provider

Communication still to come includes:

- Current list of ACA PPO policies by Agent to be distributed to General Agencies by 10/31/18
- Separate Broker Flash on or about 10/29/18, providing extensive detail and talking points about CareFirst's Maryland marketing communications encouraging members to switch and save

If you have any questions, please contact your broker sales representative.



Rebecca A. Calhoun
Senior Director, Consumer Direct Sales and Regional Offices

