

## \$50K for fully insured clients: Sales bonus or a cash grab?

How much do carriers contribute to the misaligned incentives that brokers face?

By Cort Olsen

**THE AMERICAN EMPLOYER** is under attack from all directions by the healthcare industry. That is what Nelson Griswold, president of Bottom Line Solutions in Nashville, Tenn., said after he discovered an advertisement by Blue Cross Blue Shield of North Carolina offering brokers a \$50,000 sales bonus if they can convince their clients to enroll in their fully insured health plan.

While Blue Cross Blue Shield of North Carolina claims fully insured is the best option for many large-group employers — it offers consistent cost and quality of coverage to bring greater peace of mind to both the employer and employee, according to their ad — many advisers say this is nothing more than a cash grab for the insurance carriers and the brokers who sign on.

“This goes straight to the question of who does the broker work for, which is whoever signs the paycheck,” Griswold says, answering his own question. “The employer has no one — not the carrier, the broker, the third party administrator, the pharmacy benefit manager, the hospital or the doctor — sitting on their side of the table, with a shared incentive to lower healthcare cost.”

A fully insured health plan is the more traditional way to structure an employer-sponsored health plan; however the premium the company pays to the insurance carrier has steadily risen year-over-year — which is why many advisers are encouraging their clients to enroll in self-insured plans to drive down cost.

Although this ad from Blue Cross Blue Shield of North Carolina is dated back to January 1, 2017,

advisers outside of North Carolina say they receive weekly e-mails from insurance carriers and general agents about bonus programs and quarterly incentives provided they return their client to a fully insured plan.

None of the advisers provided the names of other carriers and general agents that use this tactic.

“I delete almost all of the e-mails I get from carriers so I don’t have a reference of anything recent,” says Bob Gearhart Jr., partner at DCW Group in Boardman, Ohio. “However, I also have never seen a bonus that high which is probably why everyone is so freaked out.”

A representative of Blue Cross Blue Shield of North Carolina says they always encourage brokers to match their clients with the best product for them and that they offer broker incentives for not just fully insured plans, but non-fully insured options as well.

Blue Cross Blue Shield of North Carolina also declined respond to the specific comments some advisers made about its practice. The Blue Cross Blue Shield corporate office said they had no comment on the issue.

While the non-fully insured plans probably looks good on paper, Chris Yarn, managing partner of Walk On Clinic in St. Petersburg, Fla., says he is skeptical of these options because the carriers hang on to the money and then recommend other ways to spend the unused dollars.

“I can’t wait until [carriers] start telling CFOs and brokers, “Hey, we’ll hang on to that \$300,000 you saved going self-funded and let’s roll it over into a free primary care clinic

we own locally, and we’ll give you an even bigger discount if you see our PBM,”” Yarn says. “The big question is how unaware are the buyers, and is the adviser industry of men and women — which a large portion of \$3.2 trillion flow through — going to do anything about it; not just some of them but all.”

Advisers such as Rina Tikia, president and CEO of Tikia Consulting Group in Metairie, La., says she holds out hope that the average broker will represent their client — not the carrier — and make recommendations in the best interest of their clients regardless of the amount of money offered by the carrier.

“There are bad apples in every industry,” Tikia says. “The brokerage landscape is not as corrupt as people think. Besides, there’s a fine line between brokers and advisers in terms of compensation, which begs the question, how much value is the broker/adviser worth to the client?”

Others, like Carl Schuessler Jr., managing partner of Mitigate Partners, are not as optimistic saying money will always drive a broker but not an adviser because they are objective and independent of their advice.

“If brokers do this then they are a BUCAH broker or cartel broker, not an adviser,” Schuessler says, referring to an industry acronym for the major carriers Blue Cross, United-Healthcare, Cigna, Aetna and Humana. “A small percent may do the best they can, but it is incumbent for us to seek out those willing to push clients out of their comfort zone to bring different solutions, deliver different results and not accept the status quo.” **E A**