



2009 Compensation Methodology and Amounts

Regence has received several requests for clarification on the difference between an initial year enrollment and a renewal year enrollment. Based on the information that CMS (Center for Medicare and Medicaid Services) has provided to all plans, the commission rate structure for 2009 is based on the following enrollment statuses:

Initial Year Enrollment: A member who is newly entitled to Medicare or who enrolled from original Medicare.

Renewal Year Enrollment: A member who was enrolled in a MA, PDP or Cost Plan the previous year.

Commissions payments that you will receive will be based on the member's 2009 enrollment status.

For **2009 only**, CMS is initially deeming all individuals enrolled in a plan to be in the first year of the five renewal years permitted under CMS regulations. CMS will then send each plan a list of enrollees for which the agent or broker would be entitled to an initial year enrollment compensation amount. This means that, until CMS informs Regence of the 2009 enrollment year status, you will receive the renewal year commissions rate for each new Medicare Advantage and Part D policy written.

CMS has indicated that a future process will be implemented allowing plans to rapidly identify initial verses renewal year commission status. Plans may be provided with further direction and clarification when the CMS interim commissions rule becomes final.

Our new compensation structure will be effective beginning January 1st 2009 and will apply to all Medicare Advantage and Part D commissions paid for current and future policies (Policies effective prior to and after 1/1/09).

Agent Insight

Monthly Commissions		
Total New Active Contracts Effective in 2009	FIRST YEAR COMMISSION RATE*	SECOND THROUGH SUBSEQUENT YEARS COMMISSION RATE*
Part D Stand alone*	\$4**	\$2**
Medicare Advantage Only*	\$28	\$14
Medicare Advantage Plus Part D*	\$30	\$15

*All Commissions above paid per contract per month and available to change upon CMS regulations

**Please Note: The Part D compensation included in this memo is a different rate structure than we previously communicated. Regence received a letter from CMS letter notifying us that we were considered to be outliers on our Medicare Part D compensation and must alter our Agent/Broker commission rates. The rate structure we originally submitted in November was \$6/\$3 per member per month (or \$72/\$36 annually for Initial/Renewal). Given the letter's instructions, we were required to lower our rate in order to be compliant with the new commissions regulations.

For more information on the 2009 commission changes please call your Regence Sales contact.