



2018/2019 HEALTH INSURANCE SALES COMPENSATION AND PLAN DESIGN TRENDS REPORT

Based on the Annual Health Insurance
Industry Sales Force Compensation Survey

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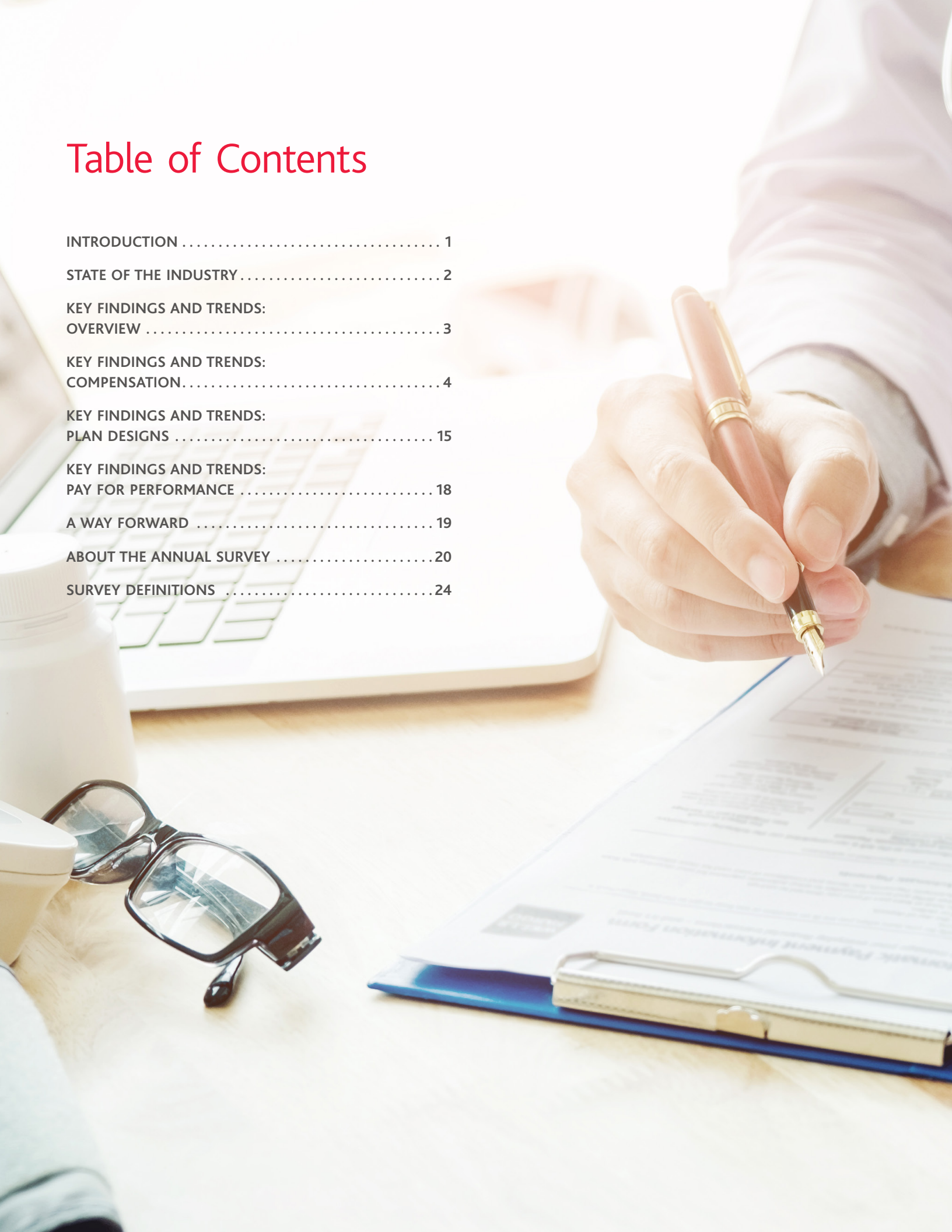
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Introduction

BDO USA, LLP, is pleased to present the *2018/2019 Health Insurance Sales Compensation and Plan Design Trends Report*. This is the first year for the report, which provides a comprehensive look into pay levels and trends for sales representatives and account manager positions—those who are on the front line of most health insurance companies. It is based on five years data from 40 health insurance companies from the annual *Health Insurance Industry Sales Force Compensation Survey*.¹

The annual survey is in its fifth year of publication. It is designed to assist companies by providing high quality, industry-specific, competitive sales compensation, pay levels, and incentive plan design information. More information about the survey can be found in the “About the Annual Survey” section.

This special *2018/2019 Trends Report* provides in-depth analyses of key topics, such as:

- ▶ How have pay levels changed over the last five years?
- ▶ Are incentives becoming a bigger part of the pay package?
- ▶ How does pay vary by the channel / market segment through which the sales representative sells?
- ▶ How are representatives' pay levels impacted when they sell ancillary products?
- ▶ How do compensation packages for sales representatives compare to those of account managers?
- ▶ Are other companies using sales bonuses, commissions, or a combination of both?
- ▶ How common is it to have sales representatives participate in the corporate incentive plan?
- ▶ Are sales representative eligible for long-term incentives (LTIs)?

To set the stage, we have developed a brief snapshot of the state of the industry.

¹ Source: HR+Survey Solutions, LLC

State of the Industry

The health insurance industry is in a state of growth and facing enormous changes.

- ▶ According to the latest data from the Centers for Medicare and Medicaid Services, national healthcare expenditure have increased from 5.2 percent of GDP in 1960 to an estimated 17.6 percent in 2015.²
- ▶ While health insurance industry revenue increased at an annualized rate of 4.3 percent over the five years prior to 2018, industry profit margins declined, falling from 5.1 percent of revenue in 2013 to 4.4 percent in 2018. This was due to expected increases in healthcare costs.²
- ▶ Going forward, revenue is projected to increase by only 1.1 percent.²
- ▶ Due to rapid growth, industry employment is expected to grow at an annualized rate of 3.2 percent.²

Key factors driving industry growth are an aging population, a robust economy, and expanded demand for private health insurance. However, significant hurdles are weighing companies down – namely, regulatory uncertainty and the Affordable Care Act (ACA).

Mergers and new business combinations (such as health insurers combining with hospital systems) are also changing the industry landscape, putting pressure on the go-to-market strategy of companies and how they penetrate each channel (i.e., large groups, small groups, individuals, Medicare customers). Sales representatives are at the leading edge of this change, interfacing with customers who feel uncertain about the future and the most effective strategy for health insurance coverage.

² Source: IBISWorld



Key Findings and Trends: Overview

The *2018/2019 Trends Report* provides an overview of key findings related to the compensation levels, delivery mechanisms, and plan designs for sales representatives and account managers.

There are several approaches for companies to manage client relationships and sales. Companies may structure the sales representatives' positions as:

- ▶ New sales only: the primary responsibility is to sell products to new clients.
- ▶ Account management only: the focus is on retention or renewals, and, to some degree, penetration of current accounts.
- ▶ New sales and account management: responsible for both account management as well as sales to new accounts.

In addition, sales representatives and account managers may focus on a specific target market, such as individuals, small groups, large groups, or national accounts.

Pay for these sales roles can vary and change over time in response to market conditions. The following analysis explores how pay and performance is linked to the way the sales and account manager roles are structured.



Key Findings and Trends: Compensation

PAY INCREASE TRENDS FOR JUNIOR AND SENIOR REPRESENTATIVES

Compared to non-sales roles, sales professionals in the health insurance industry have fared better with respect to their income over the last five years. This follows similar trends for sales professionals in other industries compared with their professional counterparts in similar functional positions. The pay levels reflect the high value that organizations attach to their customer-facing professionals who represent the company's brand in the marketplace and generate real value.

This section focuses on pay trends for sales representatives and account managers. Specifically, highlighting the following pay trends:

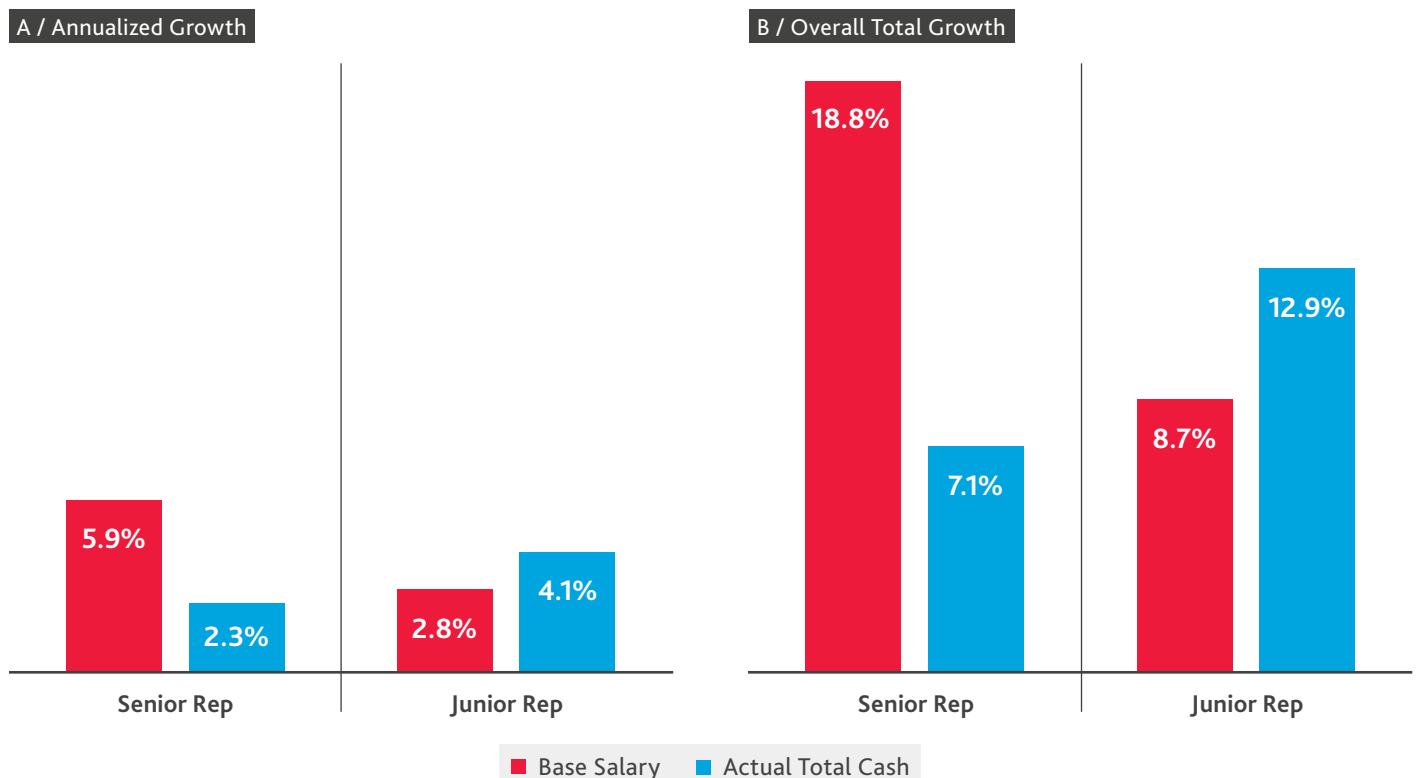
- ▶ 2018 versus 2017
- ▶ Five-year annualized change³
- ▶ Five-year total change in pay since 2013

Salaries for senior sales representatives have increased by an annualized five-year rate of almost 6 percent, pushing salaries up nearly 20 percent during that period. The increase is much more robust than non-sales position salary increases. However, total cash compensation is more in line with general pay increases, rising by 2.3 percent on an annualized basis.

High salary increases are likely driven by fierce competition to recruit and retain talent, while the incentives likely reflect the challenges faced in the marketplace that impact overall sales.

Pay for junior sales representatives has increased at a level that is more consistent with overall salary trends (Figure 1, a, b). This trend is attributable to companies both seeking and hiring more senior sales professionals rather than hiring junior professionals because the selling processes has become more complex.

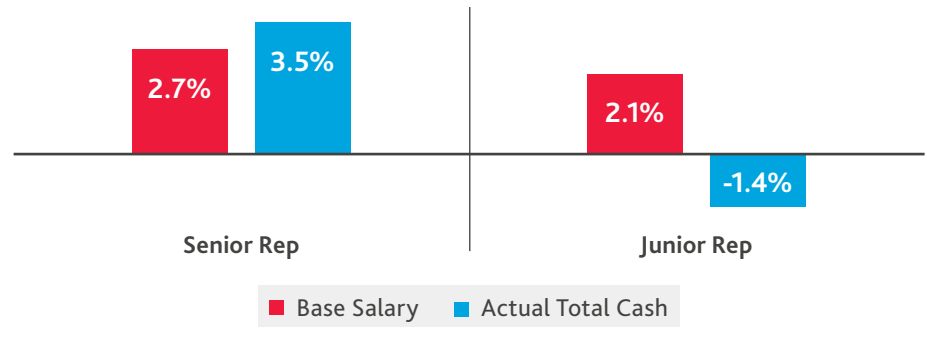
FIGURE 1
FIVE-YEAR GROWTH IN SALES REPRESENTATIVES' PAY



³ This is the compound annual growth rate (CAGR).

When examining the change in pay from 2017 to 2018, both senior and junior representatives saw an increase in base salary, consistent with typical salary movement. Their salary levels have outpaced the average industry revenue growth rate in 2018 of 1.8 percent (source: IBISWorld. Industry Report 52411b. *Health & Medical Insurance*). Actual total cash increased for senior representatives, but junior representatives experienced a small dip in total cash (Figure 2).

FIGURE 2
PAY INCREASE TRENDS FOR SENIOR AND JUNIOR SALES REPRESENTATIVES 2017-2018



PAY INCREASE TRENDS FOR SALES REPRESENTATIVES BY MARKET SEGMENT

The following section looks at pay trends for sales representatives and account managers based on the market segment. The charts on the following pages illustrate the changes in base salary and actual total cash paid to senior and junior representatives for three different market segments from 2013 through 2018. As in the previous section, we have analyzed data for:

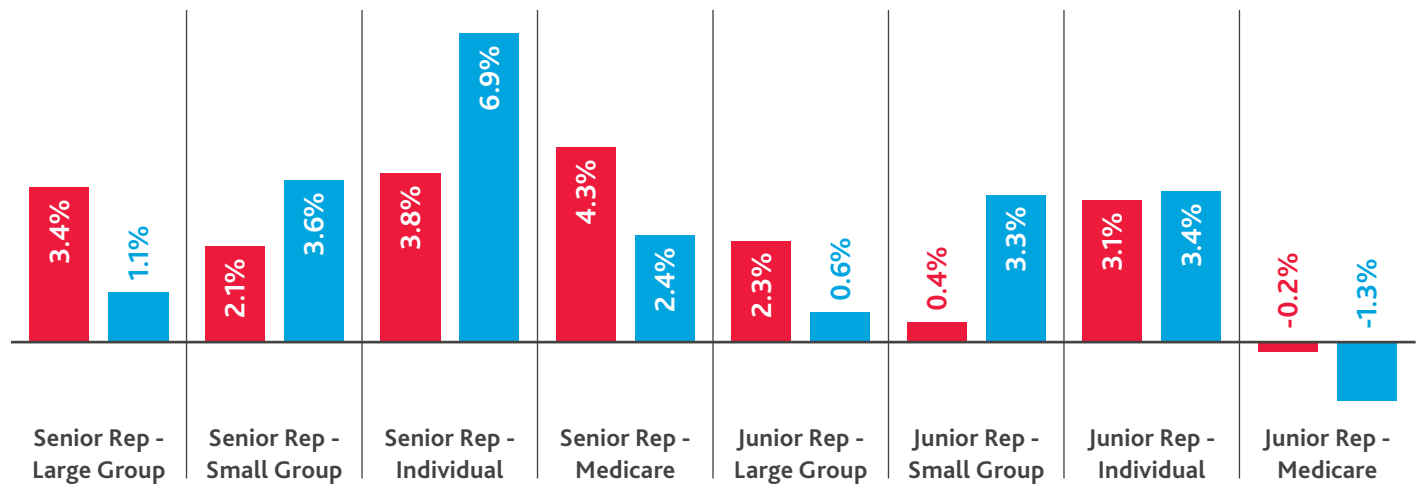
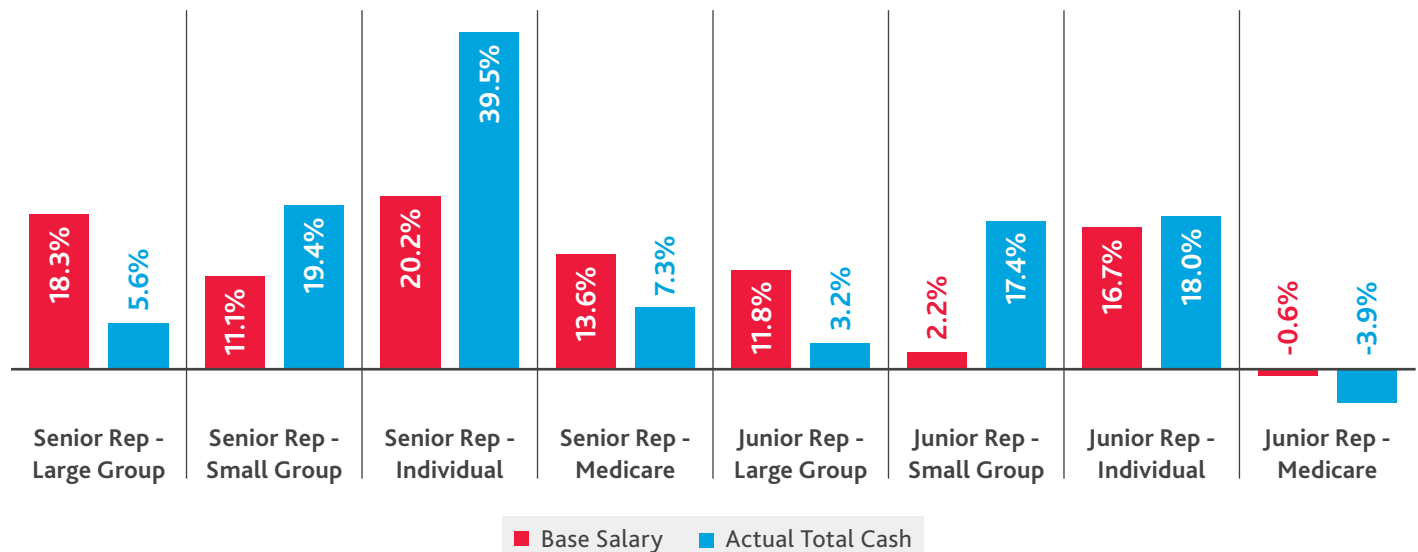
- ▶ Five-year annualized change
- ▶ Five-year total change in pay since 2013
- ▶ 2018 versus 2017

Following a consistent theme, pay for senior sales representatives across various market segments is rising, while pay for junior representatives is flat or down. The remarkable increases for senior representatives in the individual segment continue a trend that originated with the implementation of the individual mandate under the ACA.

Data shows that senior representatives experienced higher average pay increases than their junior counterparts, most notably in the individual product sector where actual total cash jumped nearly 40 percent. Much of this increase can be attributed to the individual mandate implemented under the ACA and companies placing greater emphasis on this segment, compared with the group or employer market. Companies are also increasingly recognizing that sales representatives, who sell directly to the consumer, are not mere order-takers, but must be shrewd in engaging with potential buyers (which often comes with experience).

Figure 3 (a, b) shows that senior sales representatives servicing large groups and individual segments alike, enjoyed the highest increases in base salary (18 percent and 20 percent, respectively). Individual and small group sales representatives were the greatest beneficiaries in total cash compensation (up nearly 40 percent and 19 percent, respectively). It is unclear what is driving the decline in pay among junior representatives selling Medicare. One hypothesis is that the greater regulations under which that segment operates are increasing the demand for representatives with specific experience in this area and, therefore, come into the organization at a higher level.

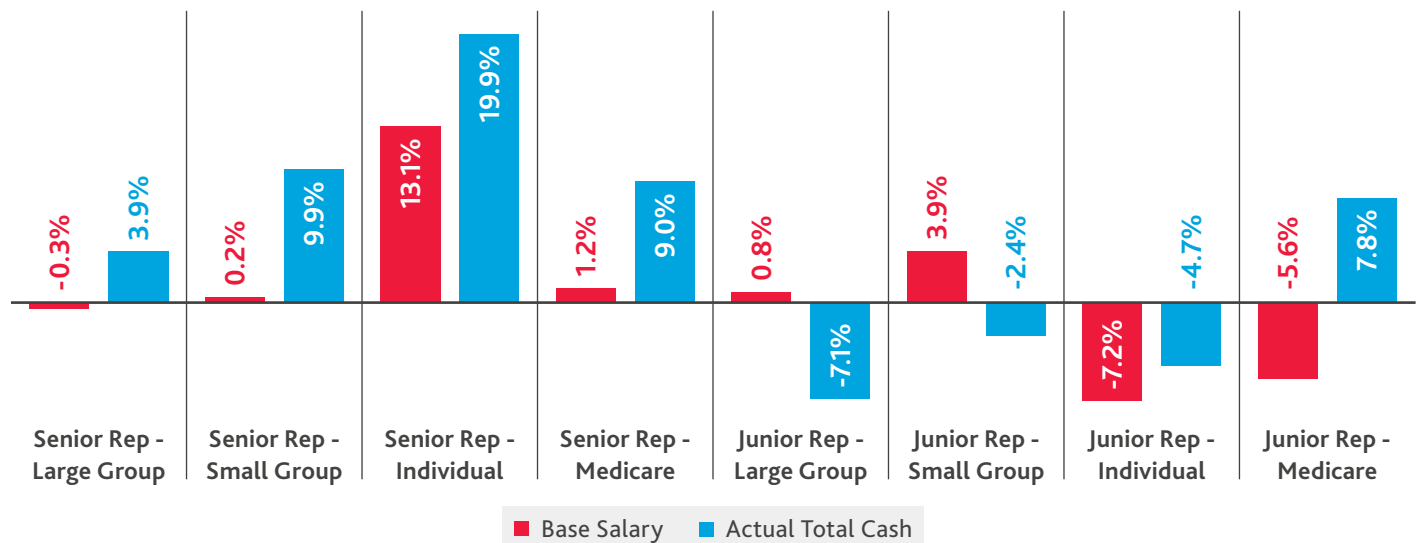
FIGURE 3

PAY GROWTH BY MARKET SEGMENT**A / Annualized Growth 2013-2018 by Market Segment****B / Overall Total Growth 2013-2018 by Market Segment**



Between 2017 and 2018, the Survey shows pay increases continued for senior representatives selling to individuals; however, pay levels for junior representatives dropped (Figure 4).

FIGURE 4
CHANGE IN PAY BY MARKET SEGMENT 2017-2018



PAY INCREASE TRENDS FOR ACCOUNT MANAGEMENT VERSUS NEW SALES REPRESENTATIVES

Base salary growth was strong over the last five years for senior sales representatives across all roles—close to and over 20 percent. New sales representatives and account managers saw robust increases in total cash (21 percent and 32 percent, respectively). Sales representatives who cover both sales and account manager responsibilities had a much smaller increase in total cash of only 3.8 percent (Figure 5, a, b, c).

FIGURE 5

PAY GROWTH BY TYPE OF SALES ROLE



PAY DIFFERENTIALS (WHO MAKES THE MOST)

Impact of Product Line Sold

Survey data demonstrates that pay is impacted by the type of products sold. It is somewhat unsurprising that sales representatives who sell both health insurance and specialty products have the advantage when it comes to total compensation. Not only is selling a broader product suite advantageous for sales representatives, but it is also beneficial to the company by creating greater stickiness with the group / employer over the long-term.

At both the senior and junior levels, pay is higher for those selling multiple products than for their counterparts who sell either health insurance or specialty products.

Sales representatives who sell health insurance products make more than the representatives who sell specialty products only—both at senior and junior levels (Table 1). This continues a historic trend that specialty product premiums are less than those for health insurance.

TABLE 1
PAY DIFFERENTIALS BY PRODUCTS SOLD

Title	Total Compensation
Senior Rep, HI+Spc Prod	\$ 171,571
Senior Rep, Health Insurance	142,538
Senior Rep, Specialty Products	132,412
Junior Rep, HI+Spc Prod	\$ 116,735
Junior Rep, Health Insurance	100,053
Junior Rep, Specialty Products	91,439

Impact of Market Segment

When examining pay by the market segment, sales representatives who sell to or manage bigger accounts have higher earnings than representatives who sell individual or Medicare products, continuing a historical precedent. Sales and account management processes are more complicated, and the selling cycles are much longer, for national, major, and large group segments. Strong client relations management skills are needed to retain these large accounts. Representatives selling to and managing accounts in these segments are generally more experienced, leading to higher pay levels.

The relative lower total cash levels for senior sales representatives managing federal employee program (FEP) customers initially seems surprising because this segment has many of the characteristics described for national, major, and large group segments. However, the pay for this role is structured differently – the base salary level is similar to what large group sales representatives are paid, but there is less pay at risk (Table 2). This makes sense because this role generally focuses on account management.

TABLE 2
PAY DIFFERENCES BY MARKET

Title	Salary	Total Compensation
Senior Rep, National Accts	\$ 111,778	\$ 207,159
Senior Rep, Major Accts	98,543	185,106
Senior Rep, Large Group	87,010	161,776
Senior Rep, Small Group	70,797	144,183
Senior Rep, Individual	63,796	135,516
Senior Rep, FEP	85,000	120,508
Senior Rep, Medicare	60,942	119,064

Impact of Role – Sales versus Account Management Responsibility

At the senior level, account managers have a slight edge over new sales representatives when it comes to total compensation. Representatives whose responsibilities include both new sales and account management and renewals earn the least; however, this is a hybrid role that does not exist in all companies.

Senior account management positions make the most money, which follows logically since they tend to work with major, national, and large accounts. As seen in the prior analysis, roles that focus on major, national, and large accounts tend to be paid more.

At the junior sales representative level, new sales representatives earn the most money. There are two factors at play: (1) junior representatives who perform well in the individual, Medicare, and small group markets are well-rewarded, and (2) junior level account managers are typically assigned to smaller accounts or as back-up to larger accounts. (Table 3).

TABLE 3

TOTAL COMPENSATION FOR JUNIOR VERSUS SENIOR SALES REPRESENTATIVES

Nature of Sales Role	Total Compensation	
	Senior Rep	Junior Rep
New Sales	\$ 153,870	\$ 119,745
Acct Mgmt/Renewals	\$ 155,850	\$ 111,152
Sales & Acct Mgmt	\$ 135,021	\$ 115,799



MIX OF PAY TRENDS

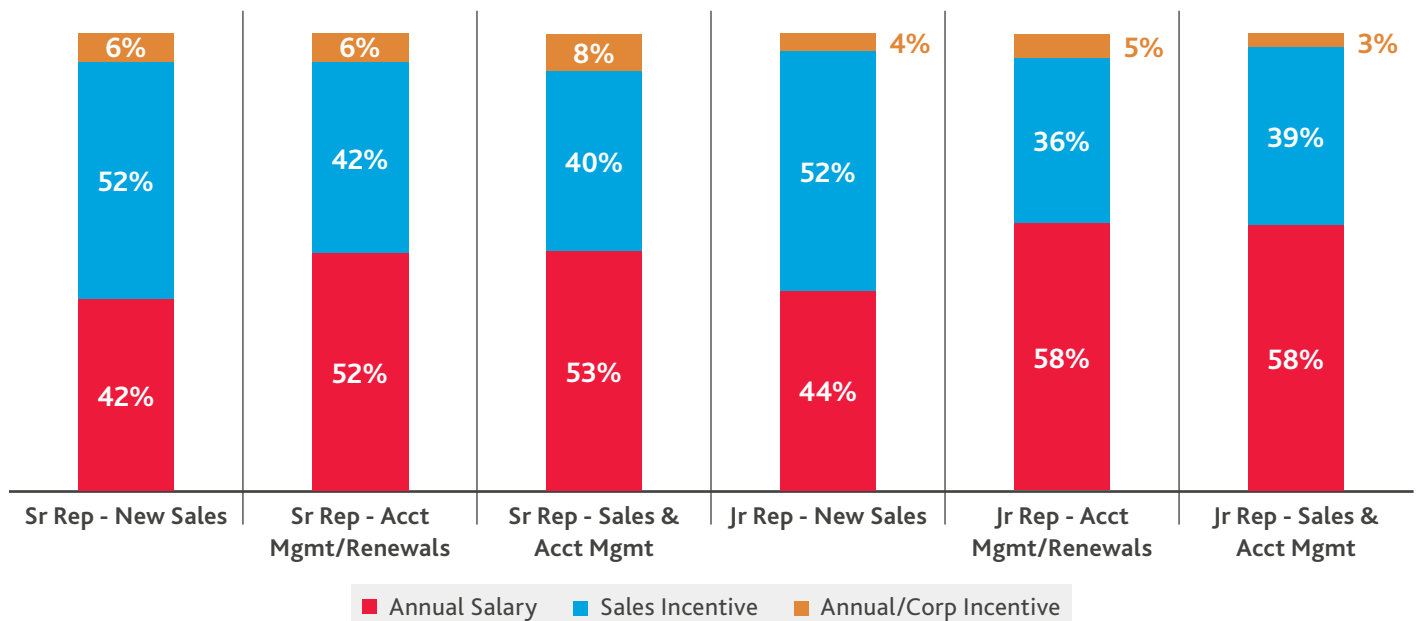
Sales Representatives versus Account Managers for 2018 (Figure 6)

- ▶ New sales representatives have the highest amount of at-risk pay (more than half of their compensation comes from an incentive plan) compared with account managers.
- ▶ Account managers have close to a 55 percent / 45 percent mix; junior account managers are less leveraged than the senior level.
- ▶ Annual / corporate incentive amounts range between 3 percent and 5 percent for junior representatives, and between 6 percent and 8 percent for senior representatives.
 - Many companies debate whether these negligible amounts are consequential enough to drive any meaningful behavior or whether these amounts should be added to incentives where the line-of-sight is much closer to spur individual performance.

These findings represent average pay mixes across all reporting companies. Individual companies' pay mixes can vary widely from the average, as each has unique sales strategies and philosophies about how much at-risk pay they wish to impose on their representatives. It is important that each company evaluate its specific sales strategies before making pay-mix decisions in light of these findings.

FIGURE 6

MIX OF PAY BY NATURE OF SALES ROLE



FIVE-YEAR TRENDS

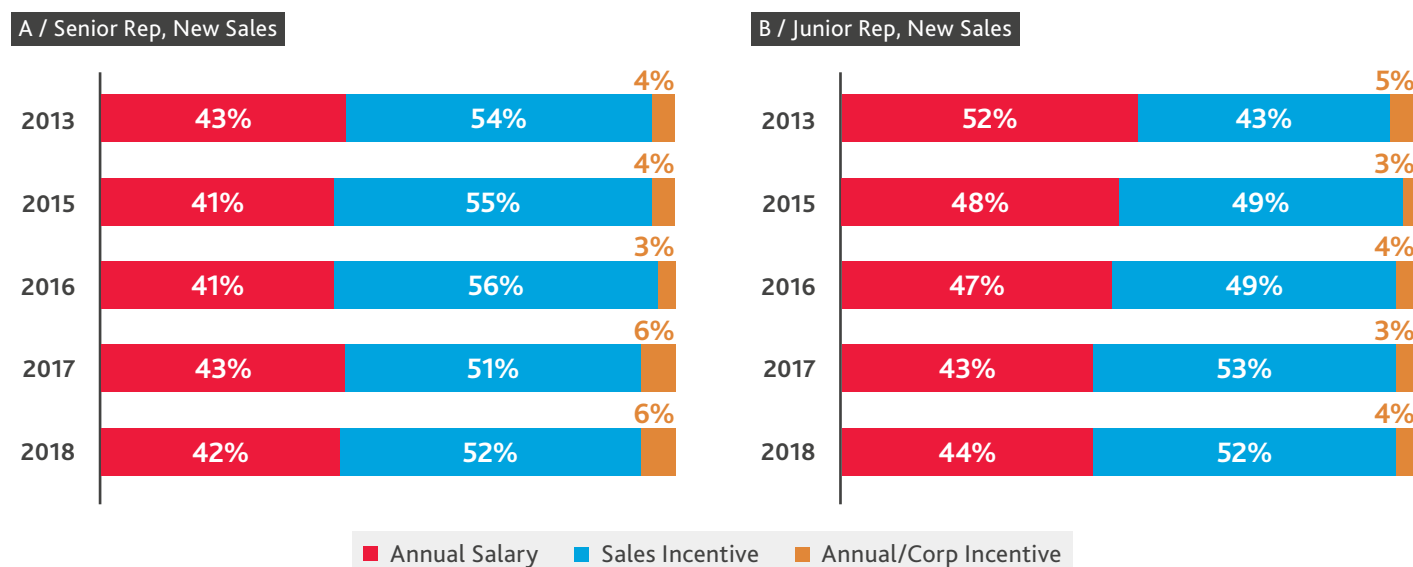
The change in the mix of pay over the past five years was most significant for junior new sales representatives, where there was an 8 percent shift away from fixed pay to incentive pay. This shift occurred consistently each annual cycle over the five-year period, putting more pay at risk for junior representatives in new sales. Companies now appear to be mirroring pay practices for their junior representatives with those used for senior representatives. However, it is still important to consider a company's unique sales strategies and pay philosophy when designing plans.

New Sales

For new sales representatives (Figure 7, a, b):

- ▶ Pay programs have become more leveraged for junior representatives.
- ▶ The mix of pay has held steady for senior level new sales representatives.

FIGURE 7
PAY MIX: NEW SALES REPRESENTATIVES



Account Managers

Over the past five years, there was a slight shift to more leveraged plans for account managers, most notably for senior representatives. The pay mix for senior new sales representatives remained fairly consistent during this period (Figure 8, a, b).

Annual / corporate incentive amounts remained relatively flat for senior representatives between 2013 and 2018. Junior representatives saw a shift primarily to sales incentives over the five-year period. The findings for junior representatives suggests that companies are acknowledging that the line-of-sight from individual sales incentives is better than that from annual / corporate incentives.

Sales and Account Management

Pay mix has shifted for sales and account management positions over time (Figure 9, a, b). Senior representatives experienced the biggest shift away from pay at-risk to more base salary. The base salary percentage for junior representatives has remained relatively even over the past five years, although there were some variances. For instance, in 2016, junior representatives saw a greater portion of variable compensation derived from annual / corporate incentives, replacing some base salary, while sales incentives remained flat. Some of these results may be attributable to the number of companies reporting data on these combination roles of sales and account management.

FIGURE 8
PAY MIX: ACCOUNT MANAGERS

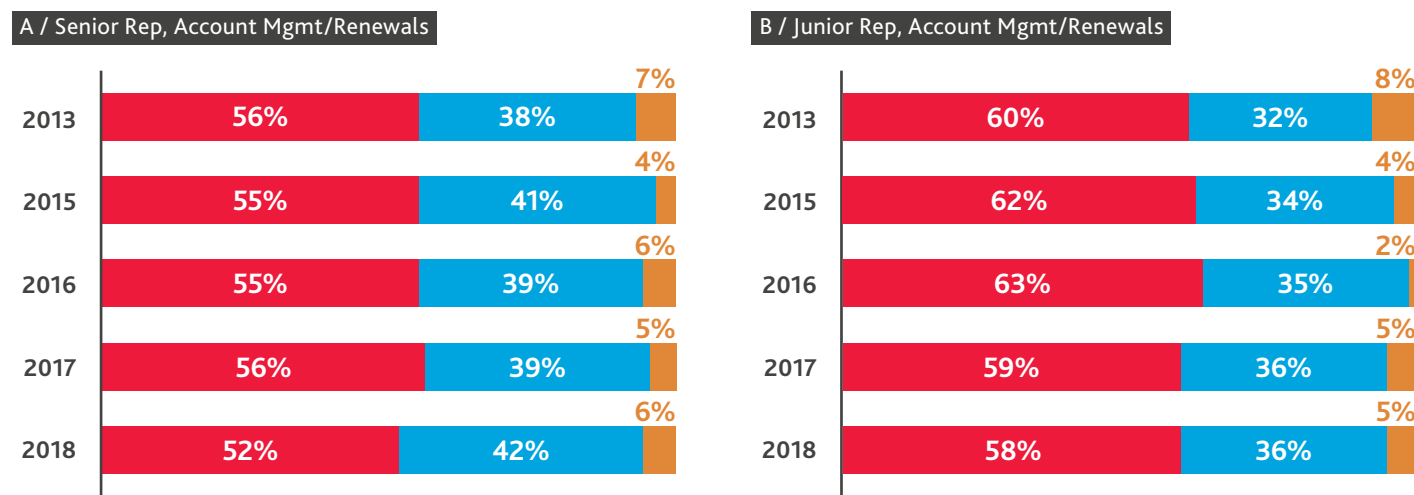
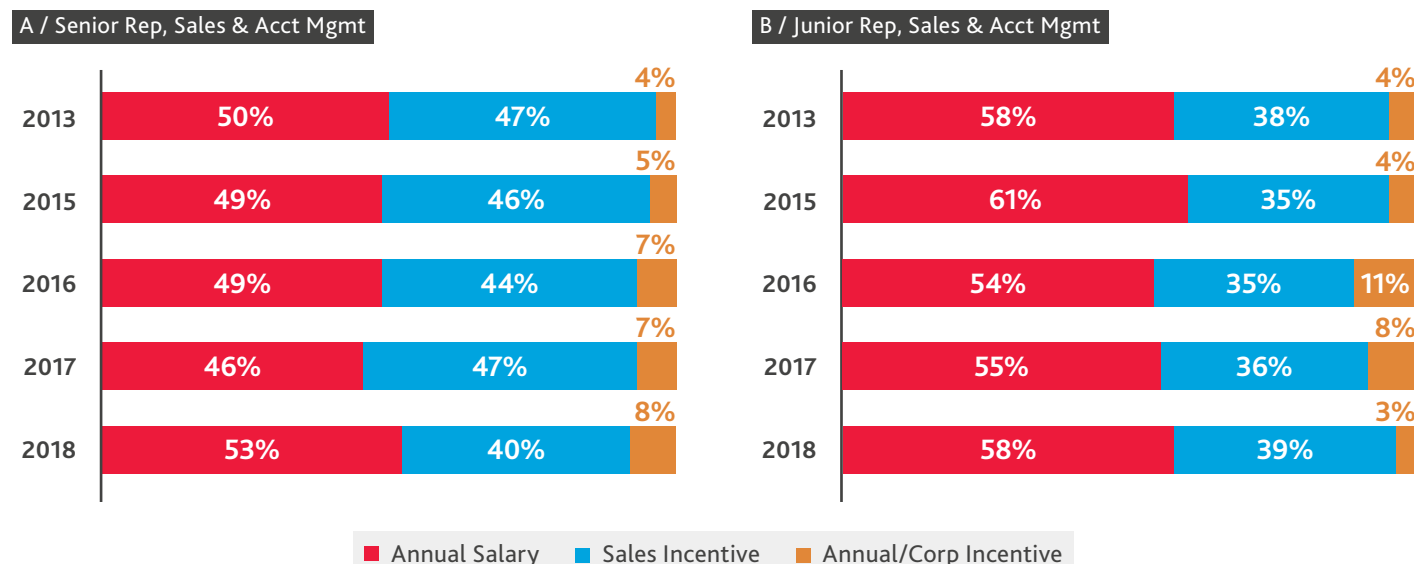


FIGURE 9
PAY MIX: SALES AND ACCOUNT MANAGEMENT



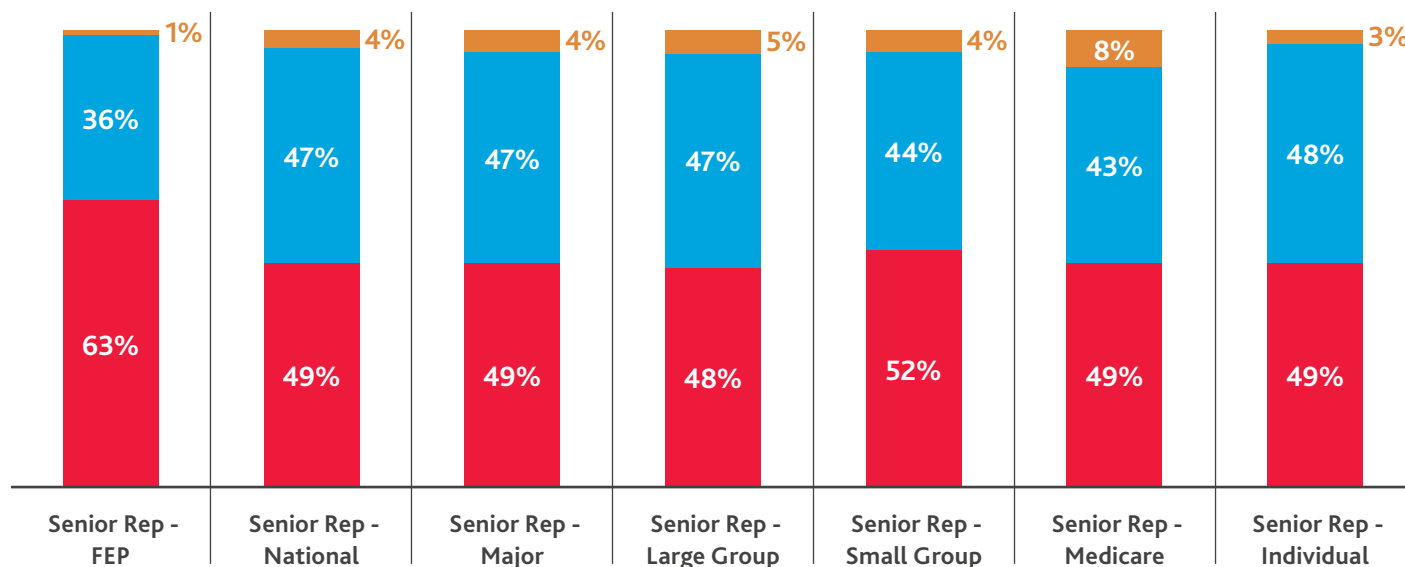
PAY MIX BY MARKET SEGMENT

Representatives selling to individuals consistently have highly leveraged plans. Senior representatives tend to have plans that are slightly more leveraged than the junior representatives. In general there is little differentiation in the pay mix by the market segment, likely because viewing pay mix through this lens does not distinguish between new sales and account management. The one exception is senior representatives FEP, which has the least pay at-risk, likely due to the strong emphasis on account management.

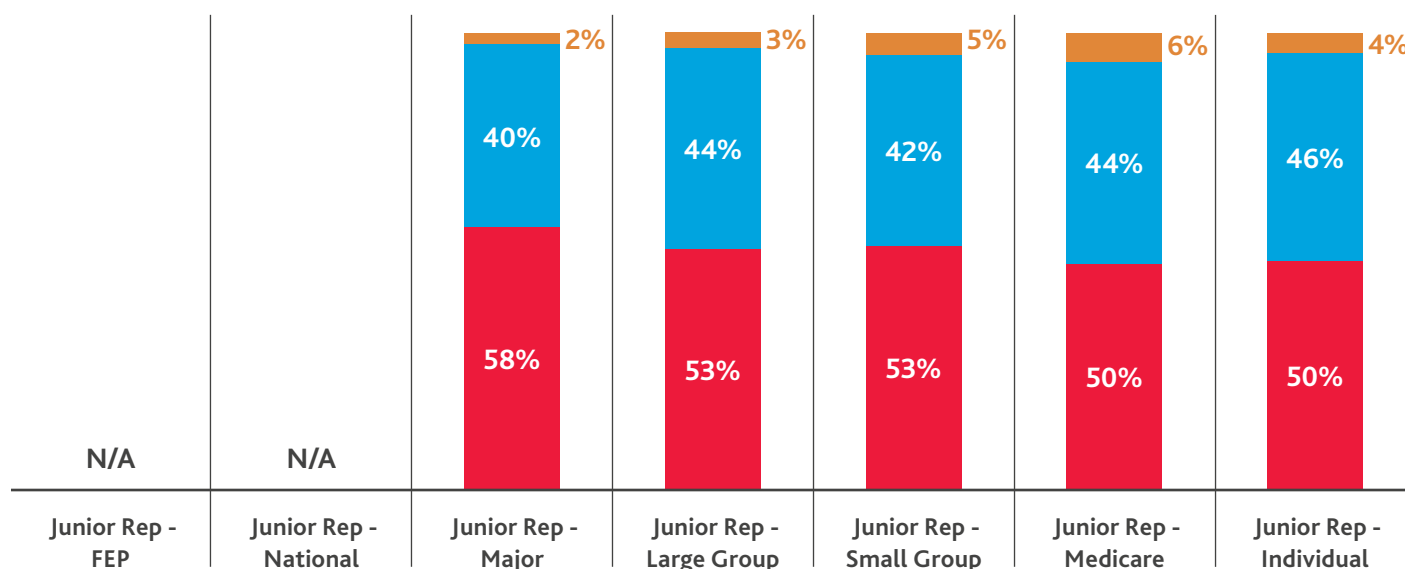
FIGURE 10

PAY MIX: BY MARKET SEGMENT

A / Mix of Pay by Market Segment, Senior Rep



B / Mix of Pay by Market Segment, Junior Rep



* Insufficient data for the junior representative - FEP and junior representative - national

■ Annual Salary ■ Sales Incentive ■ Annual/Corp Incentive

Key Findings and Trends: Plan Designs

PERFORMANCE PAY

Types of Incentives

Three types of incentives are included in the analyses:

Commissions

- Compensation is typically paid as a percent of sales or in a direct relation to sales.
- Payments may be made monthly, quarterly, or at the company's discretion.

Sales Bonuses / Incentives

- Compensation payments other than base salary, cash draw, or commission based on sales or renewals. Often payouts are tied to achievement of specific goals. Payouts may be made monthly, quarterly, semi-annually, or annually.

Annual Incentive (AIs)

- An annual bonus earned for performance in the most recently ended fiscal year regardless of when paid. This is a corporate, or similar, bonus and is not related to individual sales.

For representatives in the sales and account management functions, commissions are somewhat more prevalent than sales bonuses (Table 4). AIs are only used about 7 percent of the companies, and only a small percentage of senior representatives are eligible for long-term incentives (LTIs).

TABLE 4

AVERAGE PERCENTAGE OF ELIGIBLE INCUMBENTS

Job Title	Average % of Incumbents Eligible:			
	Commission	Sales Bonus	Annual Incentive (Corporate)	Long Term Incentives
Senior Rep	61%	55%	7%	6%
Junior Rep	66%	55%	7%	0%

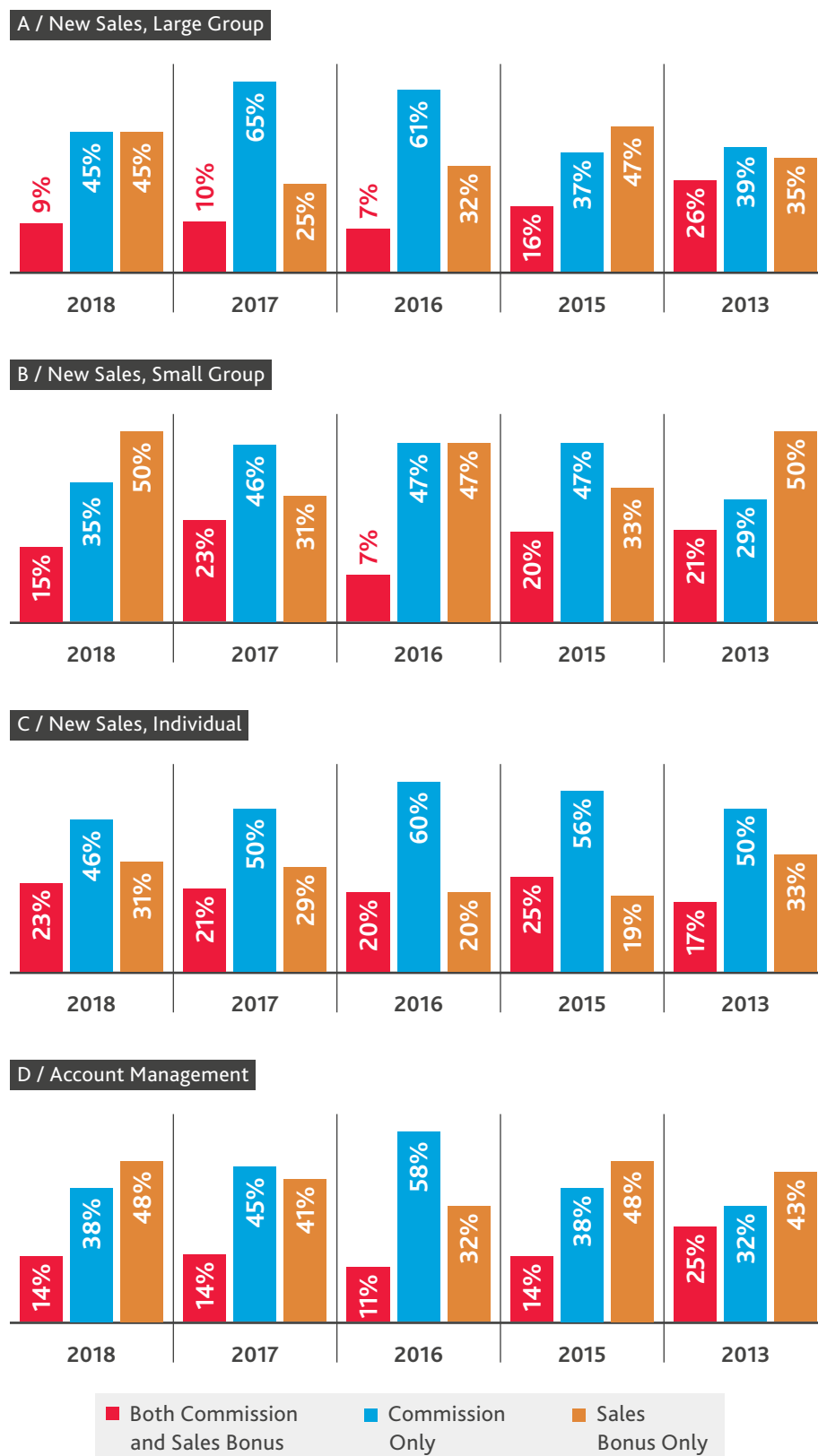


Use of Commissions and Sales Bonuses

The survey showed some changes in the use of commissions and sales bonuses over the last five years (Figure 11, a, b, c, d):

- ▶ Most companies offered either commissions or sales bonuses, not both. Sales bonuses can underscore strong pay-for-performance cultures because these programs generally require a minimum level of performance achievement against specific goals.
- ▶ New sales / large group: Over time, there appears to be less use of combined commission and sales bonus plans and movement toward the simplicity of choosing between either commissions or bonuses only.
- ▶ New sales / small group: In 2018, companies seem to readopt the common practice of 2013, focusing on sales bonuses.
- ▶ New sales / individual: Commissions continue to be the incentive approach of choice for this role.
- ▶ Account managers: Companies generally choose between commissions or sales bonuses for account managers, with fewer companies implementing combination plans. Although sales bonuses are more common, it is still interesting to see the number of companies that use commission plans for account management roles.

FIGURE 11
SALES INCENTIVE PLAN TYPES



Long-Term Incentive Eligibility

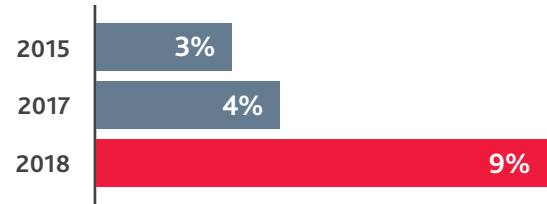
Senior representatives have less than a 10 percent prevalence of an LTI component as part of their total compensation. However, the LTI component is on the rise with 9 percent of incumbents having this as part of their total pay package in 2018—up from just 3 percent in 2015 (Figure 12). Junior representatives have virtually no LTI component to their total compensation.

Performance Metrics

Performance measures are similar for all new sales representatives, whether they are selling to large groups or small groups (Figure 13). The priority focus is on new health insurance contract sales, with dental and vision contracts in strong second and third positions.

FIGURE 12

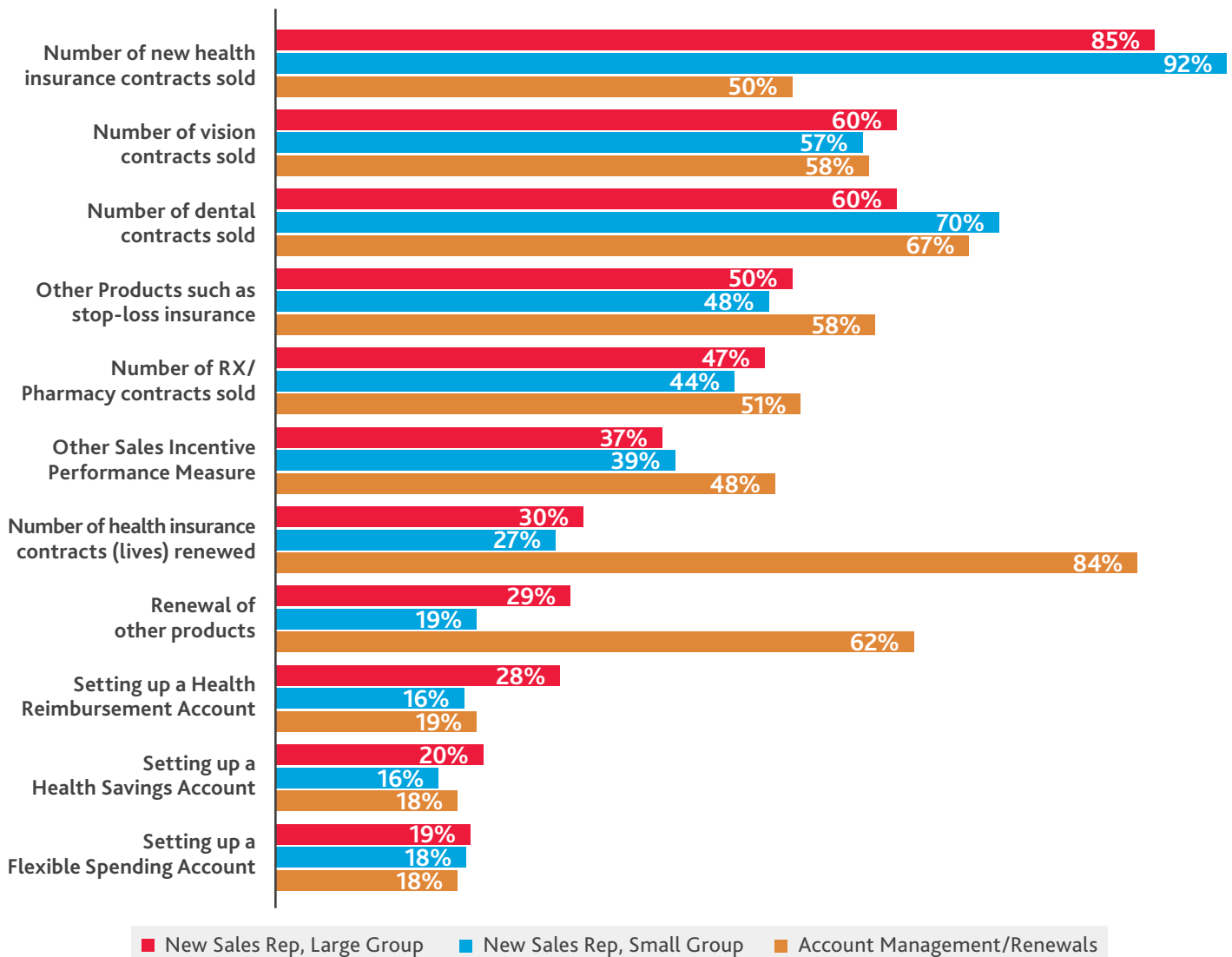
PERCENT ELIGIBLE FOR LONG-TERM INCENTIVES SALES & ACCT MGMT: SENIOR REP



For account managers, renewals of existing accounts is the obvious top metric. Setting up flexible spending, health savings, and health reimbursement accounts are low on the performance measure scale for all three positions.

FIGURE 13

INCENTIVE PLAN PERFORMANCE METRICS



Key Findings and Trends: Pay for Performance

The holy grail of an effective compensation program for sales representatives is one that drives the right behaviors and rewards for high levels of performance. The key question to ask is: what is a high level of performance? This analysis provides insights to that fundamental question.

The annual survey includes pay-for-performance statistics on the following:

- ▶ Pay per contract sold
- ▶ Average total cash by size of quota
- ▶ Pay relative to performance for those incumbents who missed their quota, exceeded quota, and overall, including:
 - Average total cash
 - Actual sales incentive paid as a percent of target
 - Actual sales relative to goal

COMPENSATION PER CONTRACT SOLD

The amount of compensation paid per contract sold – for both junior and senior representatives – was about \$1,100 in 2018 (Table 5). The data suggest that senior representatives performed ever so slightly below target (96%), while junior representatives performed above target (111%). Over time, companies can compare how their representatives are performing in relationship to the survey benchmark.

Companies often desire to know not only how their representatives are paid relative to competition, but also how their representatives are performing for the pay they received relative to the competition. This newly reported data may finally address those questions.

TABLE 5
COMPENSATION PER CONTRACT SOLD

	\$ of Comp per contract sold	
	Actual	Target
Senior Rep	\$ 1,104.9	\$ 1,151.2
Junior Rep	\$ 1,235.7	\$ 1,106.8

ACTUAL SALES INCENTIVES PAID AS A PERCENT OF TARGET BY QUOTA ATTAINMENT

There is a quantifiable pay-for-performance relationship for sales representatives (Table 6). Data analyzed per sales representatives found that representatives who exceeded their quotas earned significantly more than those who missed their quotas.

Fewer senior representatives (39 percent) exceeded their quotas than junior representatives (65 percent). These findings are consistent with our experience in other industries where over 55 percent of representatives typically do not achieve quotas.

Findings such as these need to be evaluated carefully. There are many factors dictating quota achievement, including a companies' ability to set reasonable, achievable, and accurate quotas based on each representatives' individual market opportunity and potential. Even when set accurately and reliably, factors such as unanticipated changes in competitive pricing, the ever changing regulatory environment, merger and acquisition (M&A) activity, and turnover can radically affect representatives' quota attainment. Moreover, the degree to which representatives exceeded their quotas and the amount of incentives that any one individual company delivers for performance in excess of quotas are all important considerations when designing plans that are affordable, deliver the desired business results, and are highly motivating for the sales representatives.

TABLE 6
AVERAGE ACTUAL SALES INCENTIVES AS A % OF TARGET BY QUOTA ATTAINMENT

	By Quota Attainment:	
	Senior Rep	Junior Rep
All Incumbents:	130%	148%
Exceeded Quota:	161%	191%
Missed Quota:	96%	92%

A Way Forward

Developing effective sales incentive plans is one of the most complex compensation design challenges for a company, and is especially challenging in the health insurance industry where:

- ▶ There are many ways to go to market, each of which drives the design of the sales team and the structure of sales and account management jobs.
 - There are many market segments, including national, major, large, medium, small accounts, individual, Medicare, and FEP.
 - There are several approaches to managing client relationships: new sales, account management, or a combination of both, in addition to broker or consultant channels.
 - Representatives might only sell medical insurance or a combination of ancillary products, such as dental, vision, pharmacy, or wellness plans.
- ▶ The market has changed dramatically with government regulations from the ACA.
- ▶ The future direction of health insurance will likely continue to be impacted by politics, with each election producing a potentially changed landscape.
- ▶ Cost containment pressures are placing relentless burdens on the C-suite to perpetually improve sales productivity, while at the same time, delicately balancing compensation with employee engagement.

Companies cannot assume that sales plans designed a couple of years ago, or even in the last year, will be effective moving forward. To keep plans fresh and relevant, companies should conduct periodic plan reviews and assessments, including:

- ▶ An annual review of a plan's effectiveness with regards to:
 - Actual total compensation relative to market
 - Actual total incentive paid relative to target
 - Actual commission and bonus mix versus target
 - Pay and performance correlation
- ▶ Biennially review:
 - Competitiveness of target total compensation versus market
 - Overall plan design review of actual pay / performance by territory for multiple years (pay mix, incentive components, or weighting)
 - Commissions: rate calculation approach, ability / need to set quotas, or profit signals
 - Effectiveness of any bonuses and appropriateness of weighting and leveraging

When a new CEO or Chief Sales Officer (CSO) is appointed, expect that sales plans will require a review and potential changes will be prompted by evolving strategies and changes in organizational design and role definition. New business combinations and mergers are another trigger for reassessment of the go-to-market strategy. As businesses are integrated they will develop new ways to add value to clients. This will directly affect the desired behaviors and goals of the sales team that the insurers wish to reward.

Even without substantive changes, such as new leadership or a merger, keeping the plan fresh is an important step in ensuring that the plan is effective.

About the Annual Survey

The annual *Health Insurance Industry Sales Force Compensation Survey* of 1,900 positions, reports compensation data including base salary, sales incentives, commissions, and corporate incentives. It provides details about the use of long-term incentives (LTI) and plan design information for sales representatives, account managers, inside sales, and customer service staff. The survey also explores pay-for-performance relationships that are fundamental to developing effective sales incentive plans. Survey responses are gathered annually from participating health insurance organizations with three categories of analyses:

- ▶ Compensation levels
- ▶ Sales incentive plan design
- ▶ Pay for performance

SURVEY OVERVIEW

- ▶ Most recent publication date: August 2018
- ▶ Number of participating organizations: 27 participants in 2018
- ▶ Types of positions surveyed: sales, sales support, and inside sales positions
- ▶ Number of positions surveyed: More than 1,900
- ▶ Job descriptions: Crafted to reflect the unique nuances of the go-to-market strategy of health insurance companies
- ▶ Pay elements include:
 - Base pay
 - Commissions
 - Sales bonuses
 - Corporate incentives
 - Actual and target incentives
 - LTI eligibility
- ▶ Sales incentive plan design includes:
 - Type of incentive plan (commission, sales incentive, or corporate incentive)
 - Plan metrics
 - How sales made through brokers are credited
 - Timing of payout
 - Use of thresholds and caps
 - Use of quotas
 - Use of draws for new hires
 - Pay positioning
 - Mix of pay
 - Perks (e.g., cars)
- ▶ Pay-for-performance analysis includes:
 - Dollar of compensation per contract sold
 - Total cash by size of contract goals
 - Actual total cash by quota attainment
 - Actual sales incentives as a percent of target by quota attainment
 - Actual sales as a percent of goal by quota attainment

SURVEY REPORT

The survey report data are presented in an Excel workbook with compensation values listed by position. Samples of the outputs are shown in Tables 7, a, b. Positions descriptions, policy and practice data, special analyses, summary compensation worksheets, and other key information are also included in the Excel workbook.

TABLE 7

EXAMPLE PAY DATA TABLES

A / Elements of Compensation-Base Salary

Title / Location	Base Salary					
	# of Firms	# of Incumbents	75th %ile	Average	50th %ile	25th %ile
Sales & Account Mgmt: Senior Rep, New Sales / All Locations	23	858	102,604	86,510	83,364	70,039
Sales & Account Mgmt: Senior Rep, New Sales / NY/NJ/PA Metro	5	78	—	87,420	77,688	—
Sales & Account Mgmt: Senior Rep, New Sales / California	8	163	108,798	94,076	78,697	63,244
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / All Locations	21	1240	101,134	92,140	90,123	84,681
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / NY/NJ/PA Metro	5	69	—	91,555	87,661	—
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / California	6	184	126,693	107,804	102,065	91,279

B / Elements of Compensation-Commission

Title / Location	Commission Eligibility	Commission - Actual \$			
	% Incumbents Eligible	75th %ile	Average	50th %ile	25th %ile
Sales & Account Mgmt: Senior Rep, New Sales / All Locations	71%	156,739	105,159	66,895	50,558
Sales & Account Mgmt: Senior Rep, New Sales / NY/NJ/PA Metro	91%	—	214,247	285,028	—
Sales & Account Mgmt: Senior Rep, New Sales / California	53%	248,303	135,515	84,326	48,323
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / All Locations	48%	124,431	82,029	75,626	53,065
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / NY/NJ/PA Metro	75%	—	105,123	106,827	—
Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals / California	33%	—	113,114	129,933	—

SURVEY POSITIONS

The definition of our survey positions is one of the premier features of this survey. Positions are designed to reflect the market strategy and channels of health insurance companies. Each position reflects (1) the responsibility of the job, (2) the markets for which the position is responsible, and (3) the products it sells. We refer to these as responsibility-based position titles. Specifically, the survey jobs are a combination of the following:

1. The functional area or department:
 - a. Sales and account management
 - b. Inside sales
 - c. Sales support
2. The organizational level (e.g., vice president, director, or manager)
3. The nature of responsibility (i.e., sales, account management / renewals, or both)
4. The market segment served (i.e., large group, individual, Medicare, or federal employee programs [FEP])
5. The products sold (i.e., health insurance, specialty products, or both), which are new categories for 2018

The graphic below (Figure 14, a, b) summarizes how the jobs are structured in the survey.

FIGURE 14
SURVEY POSITION STRUCTURE

A

Each responsibility-based job title = **Dept** + **Level** + **Nature** + **Market** + **Product**

Department	Organizational Level	Nature of Responsibility	Market Segment	Product
<ul style="list-style-type: none"> ▶ Sales and Account Management ▶ Inside Sales ▶ Sales Support 	<ul style="list-style-type: none"> ▶ VP ▶ Director ▶ Manager ▶ Supervisor ▶ Senior Rep ▶ Junior Rep 	<ul style="list-style-type: none"> ▶ Sales ▶ Account Management/Renewals ▶ Both 	<ul style="list-style-type: none"> ▶ National ▶ Major Accounts ▶ Large Group ▶ Small Group ▶ FEP ▶ Individual ▶ Medicare 	<ul style="list-style-type: none"> ▶ Health Insurance ▶ Specialty Products ▶ Health Insurance and Specialty Products

B

Example Job Code: **10 200 3 02 3**

Sales and Account Mgmt: VP, Sales and Account Mgmt - National Accts, Health Insurance and Specialty Products

Department	Organizational Level	Nature of Responsibility	Market Segment	Product
<ul style="list-style-type: none"> ▶ Code: 10 ▶ Department: Sales and Account Management 	<ul style="list-style-type: none"> ▶ Code: 200 ▶ Level: VP 	<ul style="list-style-type: none"> ▶ Code: 3 ▶ Nature: Sales and Account Management 	<ul style="list-style-type: none"> ▶ Code: 02 ▶ Market Segment: National 	<ul style="list-style-type: none"> ▶ Code: 3 ▶ Product: Health Insurance and Specialty Products

Roll-ups are combinations of the survey positions, and provide more focused and robust position data. The table below describes the roll-ups reported in the survey. To help better understand roll-ups, we have presented an example (Table 8) that shows the roll-ups for job 10-600-2-12-3: Sales and Account Mgmt, Senior Rep, Acct Mgmt/Renewals, Mid-Sized Group, and HI+Spc Prod.

TABLE 8
SURVEY POSITION ROLL-UPS

Roll-Up	What Details Are Combined	How To Use This Roll-Up	Example Job Code and Title
1. Department-Level-Nature-Market Segment	All product sold combined	Use this to focus on the job irrespective of product sold.	10-600-2-12-0: Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals - Mid-Sized Group
2. Department-Level-Nature of Responsibility	All product sold combined and market segment combined	Use this to obtain robust data for sales versus account management jobs in each department. It is irrespective of the market segment or products sold.	10-600-2-00-0: Sales & Account Mgmt: Senior Rep, Acct Mgmt/Renewals
3. Department-Level-Market Segment	All nature of responsibility combined and product sold combined	Use this to focus on pay levels for specific market segments. It is a combination of sales and account management jobs irrespective of products sold.	10-600-0-12-0: Sales & Account Mgmt: Senior Rep, Mid-Sized Group
4. Department-Level-Product	All nature of responsibility combined and market segments combined	This illustrates differences in pay levels by product sales.	10-600-0-00-3: Sales & Account Mgmt: Senior Rep, HI+Spc Prod
5. Department-Level	All nature of responsibility combined, market segments combined and all product sold combined	Use this to determine pay differentials for each level within the department.	10-600-0-00-0: Sales & Account Mgmt: Senior Rep
6. Level	All combined except level	Use this to determine pay differentials for each level irrespective of the department.	00-600-0-00-0: Senior Rep

PARTICIPANT PROFILE

Participants include most of the largest health insurance companies in the U.S., as well as a large complement of regional companies. Table 9 provides an overview of the participants' size in terms of revenues and members and the size of their sales departments.

TABLE 9
PARTICIPANT PROFILE & COMPANY DATA

		Total Responses	% of Participants	25th Percentile	50th Percentile	Average	75th Percentile
Total Healthcare # of Employees	Members	27	100%	1,085,917	2,972,779	8,696,131	8,127,973
	Revenues	19	70%	\$2,781,610,000	\$8,690,331,000	\$21,456,966,536	\$17,907,150,000
Company Wide	Total	27	100%	2,334	5,428	29,408	26,577
Number of Employees - Sales Department	Total	25	93%	108	173	729	396
	Management	23	85%	14	19	91	80
	Support	20	74%	25	63	208	94
	Full Time Reps	20	74%	46	72	399	201

Survey Definitions

Members: Contracts/subscribers (an individual covered by an individual policy, such as indemnity or Medicare supplement, or an employee covered by a group insurance or HMO contract), plus their dependents covered by the insurance contract. Assume 2.5 members per contract/subscriber if member data is not available. Excludes self-insured.

Contracts: An individual or family covered by a policy, such as indemnity or Medicare supplement, or an employee covered by a group insurance or HMO contract. It does not count the spouses or dependents on the policy.

Group Size:

- ▶ Large Group—generally 101 to 250 contracts
- ▶ Medium Group—generally 51 to 100 contracts
- ▶ Small Group—generally 2 to 50 contracts

Number of Employees: Full time equivalents.

Base Salary: Annual base salary as of March 1, which is guaranteed and does not represent a draw on commission.

Draw: A recoverable advance against future commissions and/or bonuses (is not a salary).

Commission: Compensation paid as a percent of sales for the most recent fiscal year. Payments may be made monthly, quarterly, or at any other time.

Sales Bonuses and Incentives: Compensation payments other than base salary, draw, or commission based on sales or renewals for the most recent fiscal year. Payouts may be made monthly, quarterly, semi-annually, or annually.

Corporate Bonus / Incentive: An annual bonus earned for performance in the most recently ended fiscal year regardless of when paid. This is a corporate or similar bonus; it is not related to individual sales.

Target Incentive: A specific target, standard, or guideline for determining incentive awards when performance meets expected levels.

Total Cash Compensation (TCC): Annual base salary, plus draw, commissions, and bonuses earned for performance during the most recent fiscal year, regardless of when paid.

Long-Term Incentives (LTI): Incentives paid for performance, measured over a period of more than one year. This may include stock options, restricted stock, performance shares/units, and phantom shares/units.

STATISTICAL DEFINITIONS

Average: The sum of the reported data is divided by the number of companies reporting. Each company's data counts once in calculating the average (provided only when there are four or more data points).

Percentiles: Each company's data counts once in calculating percentiles. The data is then arrayed from high to low.

The 10th percentile, or bottom decile of the data, is the value in an array below which lies 10 percent of the sample and above which lies 90 percent of the sample (provided only when there are 10 or more data points/companies).

The 25th percentile, or first quartile of the data, is the value in an array below which lies 25 percent of the sample and above which lies 75 percent of the sample (provided only when there are 6 or more data points/companies).

The 50th percentile, or median, is the value in an array below which lies 50 percent of the sample and above which lies 50 percent of the sample (provided only when there are more than 4 data points/companies).

The 75th percentile, or third quartile of the data, is the value in an array below which lies 75 percent of the sample and above which lies 25 percent of the sample (provided only when there are 6 or more data points/companies).

The 90th percentile, or top decile of the data, is the value in an array below which lies 90 percent of the sample and above which lies 10 percent of the sample (provided only when there are 10 or more data points/companies).



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