
MEMORANDUM

TO: COHBE BOARD OF DIRECTORS
COHBE STAFF

FROM: DIANE DUNN, HEALTH IT CONSULTANT

SUBJECT: FURTHER COMMENTS ON PREMIUM AGGREGATION FOR THE
INDIVIDUAL EXCHANGE

DATE: 4/13/12

This is in follow up to my memo of 3/30/12, which is posted on the COHBE website under Policies. After the Board meeting discussions on 4/9/12, I realized there are some clarifications needed. You will see there are additional questions to consider. My original recommendations stand.

Enrollment vs. Payment

During the panel discussion with the Health Plans, Chair Hammer asked the plans to comment on premium aggregation. In the discussion that followed, several plan representatives said they need real time information.

There are two types of information the plans need: Enrollment information and Premium payment information. It is my belief that if we were able to clarify the discussion with the plans, we would find that the plans want enrollment information (who is choosing to which health plan) as fast as possible but that the premium payments may follow a different time frame.

This gets down to definitions. Is a customer fully enrolled with a plan before the payment is made? Will all enrollments be for the first of the following month? What about customers who choose a plan on the 30th of the month? Will they be enrolled the next day or one month from now? Since Medicaid clients can be enrolled as of the date of application, will this affect how commercial enrollments will be treated? Are the rules different for MAGI eligible customers? CHP+ has historically been a “first of next month” enrollment if the client is enrolled before the 20th of the month and has paid the enrollment fee. If they enroll after the 20th of the month, the enrollment is not effective until the first of the month after. For example, if a family enrolls on June 19th, the enrollment is effective July 1st. If they enroll on June 21st, the enrollment is effective on August 1st. Is this how commercial enrollments will be treated?

Assumption Made in 3/30/12 Memo

In drafting my memo of 3/30/12 I made the following assumption: Customers will be given as many options as possible in enrolling and paying for Health Insurance. This assumption is based on the belief that the more options that are given, the more attractive the Exchange will be. The more customers that are attracted to the Exchange, the higher the likelihood of the Exchange being sustainable over the long term.

Two Types of Aggregation

As the discussion progressed at the Board meeting, it seems there are two types of aggregation that need to be discussed: Aggregation of payments for customers and Aggregation of payments to Qualified Health Plans.

As stated above, I made an assumption that COHBE would allow customers to aggregate their payments to COHBE as one choice given. In other words, a customer can combine all their insurance payments into a single check, electronic fund transfer, or credit card payment to COHBE. COHBE will sort out and forward the payment(s) to the correct QHPs.

The policy under discussion appears to address the aggregation of payments to the QHPs. My recommendation is to allow aggregation of payments to the QHPs because of the reasons outlined in my 3/30/12 memo. Some QHPs may be able to handle the volume of single payment transactions (disaggregated), though others will not. One item to consider – the 820 Premium Payment transaction requires the entry of the check or EFT trace number to be included in the transaction. Not aggregating payments implies that individual checks or EFTs will be created for each customer's individual payment. This will create many items for reconciliation and tracking for both the QHPs and COHBE. Again, I recommend that the payments be aggregated for the QHPs. As to whether they are aggregated on a daily, weekly, or monthly basis can still be discussed.

Summary

Enrollment information is probably more urgently needed by QHPs than the actual payment of the premium. Because of this, enrollment information timing should be considered separately from the premium payment. Enrollment information may be able to be sent (or picked up) on a real time basis, though some designs would allow plans to choose whether to pick up information daily or more frequently.

Premium payments, because of the need to track and account accurately, will be best managed as aggregated payments to the QHPs.

Whether a customer may aggregate their payments or not is a separate discussion from this policy. However, it will be very important for the Board to state the Guiding Principles related to customer options quickly as this Principle will affect many other policy decisions.

If further discussion is needed, please feel free to contact me at The4and5Team@aol.com or by personal at 303-908-7705. Thank you.