



What will COHBE's approach be to handling payment options and premium aggregation in the individual exchange?

Goals/Objectives:

- Facilitate a smooth and efficient process for individuals to pay premiums to Qualified Health Plans (QHPs) in the individual exchange
- Affordability and efficiency in transactions between insurance carriers and COHBE

Definitions:

- Premium aggregation is the process of adding all the premiums owed in one month by an individual or family and paying an aggregated sum to COHBE, for all QHPs in which the individual and his/her family members are enrolled.
- Payment options relate to the collection and payment of health insurance premiums in the exchange. These may include: in person, online, by phone, by mail and through various means such as cash, debit, credit, check or automatic electronic transfers.

Federal Law:

In summary, premium aggregation is a minimum function of a SHOP, while it is optional for the individual exchange.

The exchange must allow a qualified individual to pay any applicable premium owed by such an individual directly to the QHP issuer. The exchange has three options when collecting premiums from individuals:

- 1) Individual pays directly to QHP; exchange has no role;
- 2) Collect but pass through without retaining any portion of the payments;
- 3) Collect from individuals and pay an aggregated sum to the QHP.

Exchanges have the flexibility to create a default payment mechanism through the Exchange and can direct individuals to select a payment option for a year at the time of enrollment.

Considerations:

Credit card and ACH payments will be made through COHBE's portal which will collect payment information and act as carriers' payment page. Payment information will be transmitted to carriers' backend systems. This approach lowers implementation risk.

Recommendation:

COHBE should provide individuals with a portal to the carrier payment systems.

A study can be conducted after implementation to determine if the Exchange should handle premium collections and determine if there is benefit to COHBE aggregating premiums.

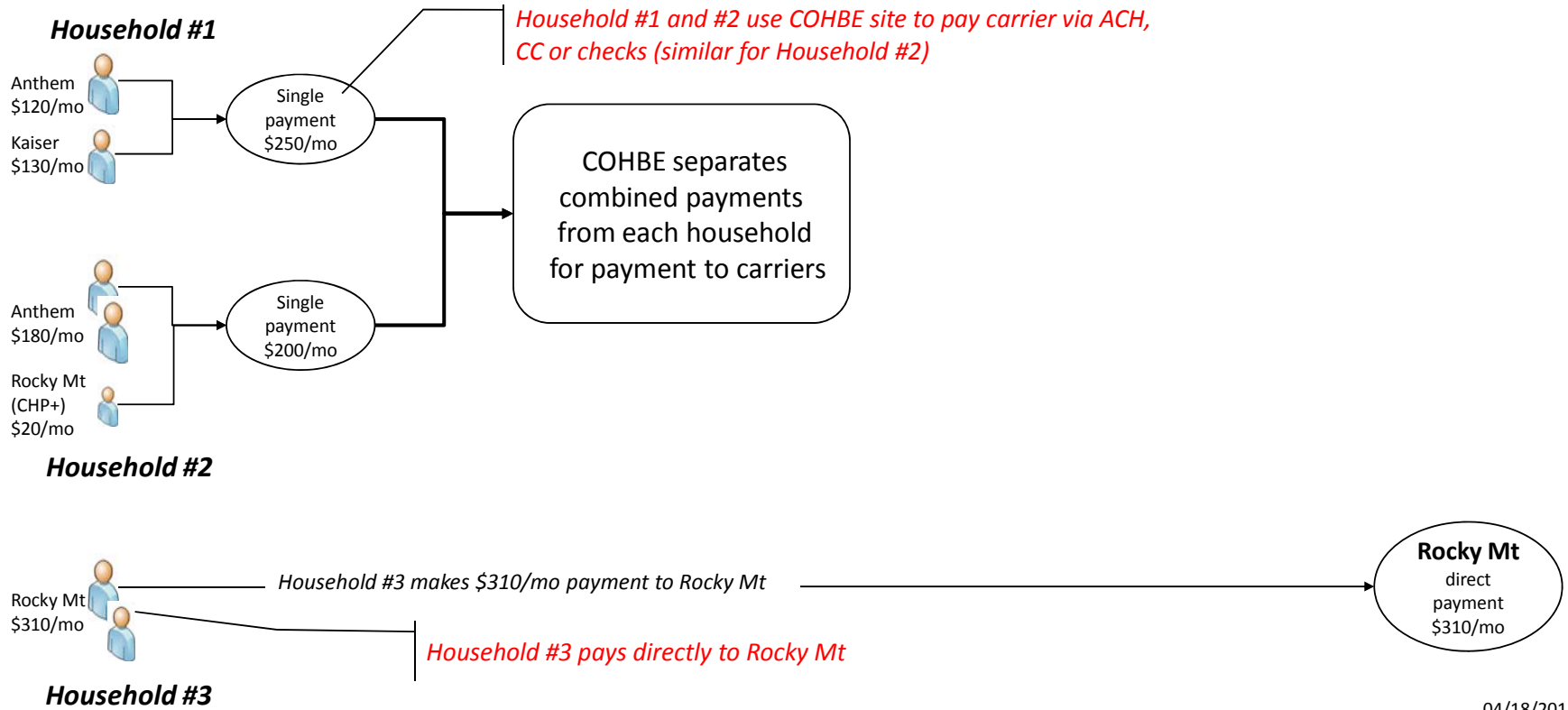


Premium Aggregation Use Cases - Draft

- Impact on individual households
- Impact on COHBE
- Impact on carriers

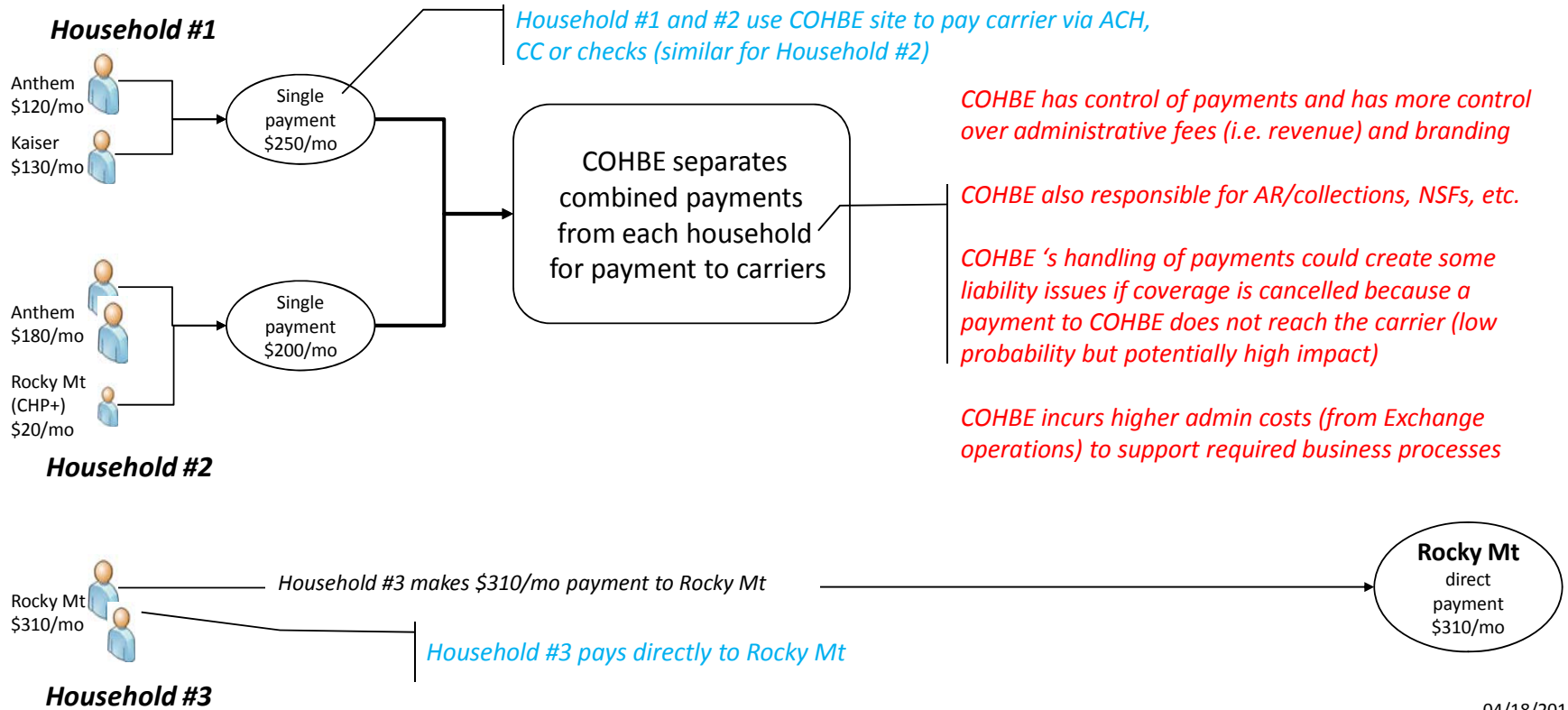
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Use Case #1 – COHBE Performs Premium Aggregation

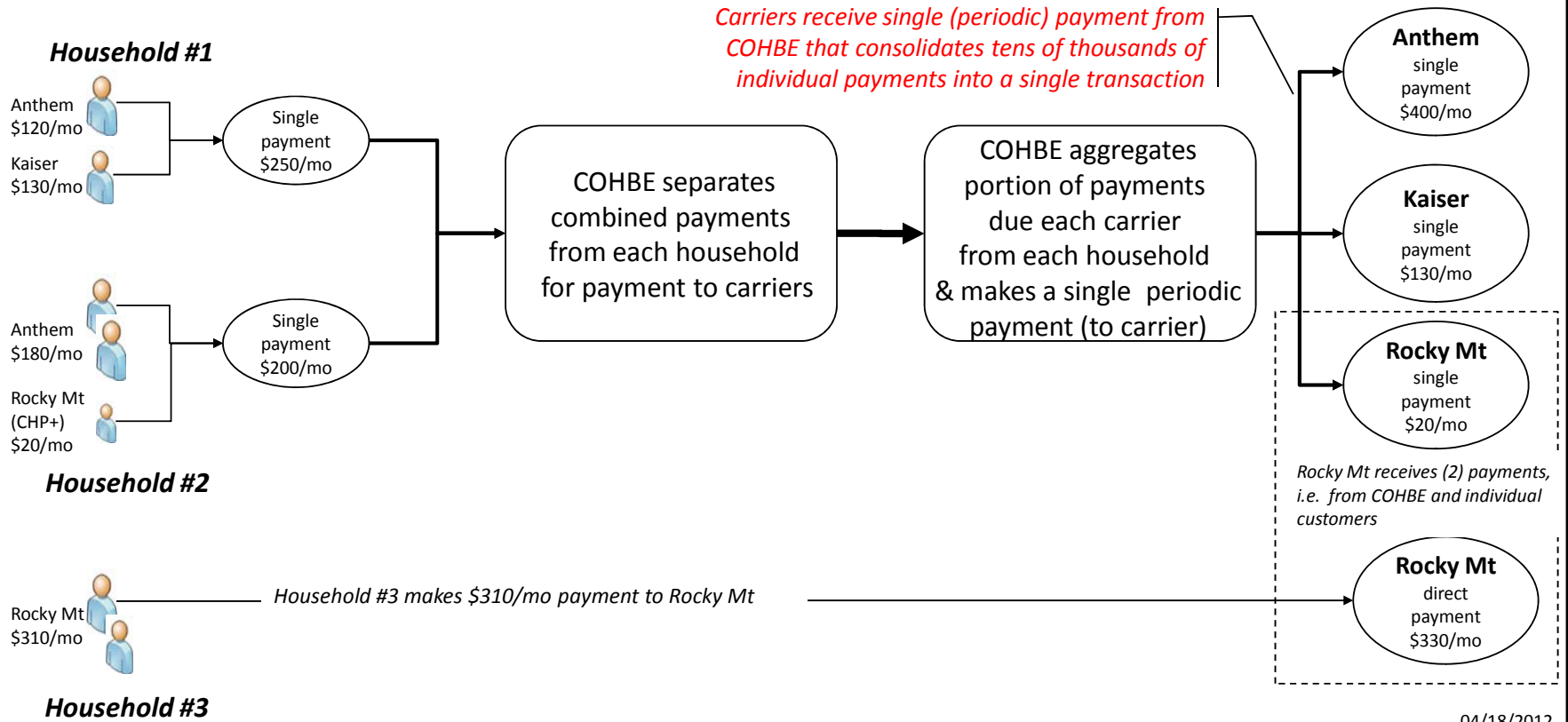


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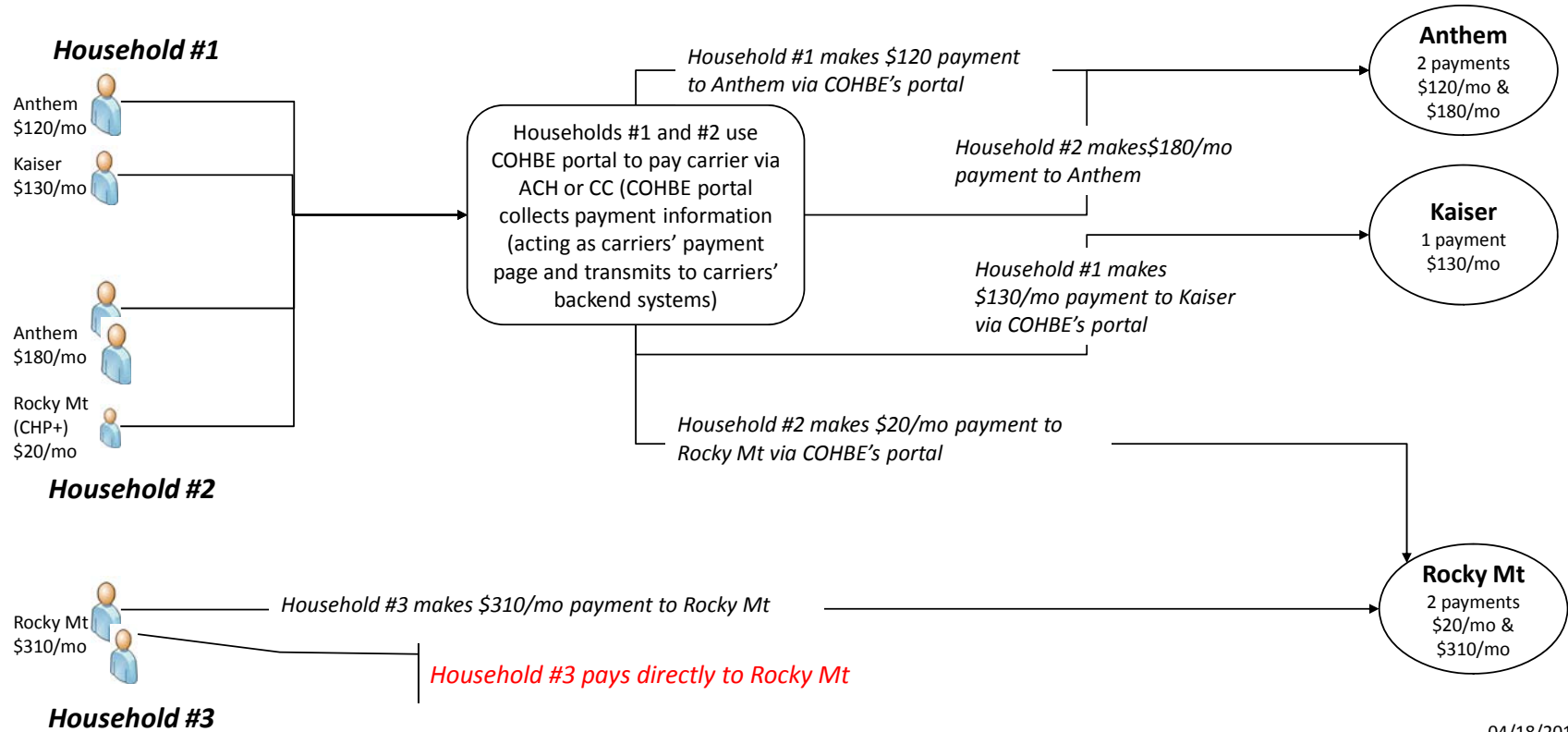
Use Case #1 – COHBE Performs Premium Aggregation



Use Case #1 – COHBE Performs Premium Aggregation



Use Case #2 – COHBE Does Not Perform Premium Aggregation



Use Case #2 – COHBE Does Not Perform Premium Aggregation

Carriers receive payments from each household thru COHBE's portal; unlike premium aggregation use case payments by-pass COHBE (i.e. no opportunity for a direct deduct for admin fees and no branding)

