



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 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, automatic electronic transfers or direct to issuer.

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:

- Technology accommodates it
- Consolidating subsidy management and financial reconciliation services in the exchange could provide:
 - lower risks for implementation
 - opportunity for insurance carriers to implement mature IT financial services over time
 - potential administrative efficiencies for the insurance carriers
 - increased reporting capabilities for the exchange
- Higher audit risks for the exchange

- Consolidating premium management in the exchange increases the financial payment processing in the exchange platform, but it maintains customer services and financial management control
- As policy decisions are made regarding navigator and broker payments, maintaining control of premium managements provides maximum flexibility regarding compensation options.

Recommendation:

COHBE should provide individuals with multiple payment options that facilitate enrollment and avoid creating payment processes that create barriers. Premium collection should be provided by the exchange initially and an aggregated sum should be paid to QHPs monthly. As required by federal law, individuals will also be given the option to pay premiums directly to QHPs.

A study can be conducted several years after implementation to determine if premium collections should continue to be handled on an ongoing basis by the exchange or by insurance carriers that have mature IT platforms.