

May 14, 2012

Submitted electronically to: peter.lee@hbex.ca.gov; andrea.rosen@hbex.ca.gov

Peter Lee
Executive Director
CA Health Benefits Exchange
1000 G Street, Suite 100
Sacramento, CA 95814

cc: Andrea Rosen

Re: Board Recommendations Brief: Individual Premium Payment Management

Dear Peter:

Blue Shield of California offers the following comments in response to the above referenced brief.

Founded in 1939, Blue Shield of California is a not-for-profit health plan with a deep commitment to expanding access to quality health care at a reasonable price for all Californians. We have roughly 3.4 million members and some of the largest provider networks in California. Over the past five years, we have donated more than \$160 million to the Blue Shield of California Foundation, which spends most of its funds to support the health care safety net. Blue Shield of California also has a strong track record of leadership in the health reform movement, and our company is committed to successfully implementing the Affordable Care Act (ACA) and supporting the California Health Benefits Exchange.

We have reviewed the above referenced document and agree with the recommendations proposed by the Board on the handling of individual premium payment management.

Given the ACA requirement that “a qualified individual enrolled in any qualified health plan may pay any applicable premium owed by such individual to the health insurance issuer issuing such qualified health plan”, it is our understanding that we will be required to accept premium directly from any individual that chooses this option. Since that is the case, it does not make sense to set up dual processes for both the Exchange and the issuer to receive payments. We agree that creating and operating two procedures for premium payment would add both complexity and cost.

We do want to clarify three issues associated with the direct payment approach.

- First, while we do have premium payment processes in place, we will not simply be able to leverage our existing processes. We will need to make major enhancements to our current systems to accommodate payments from Treasury for the APTC and CSR and to reconcile premium payments.
- Second, it is our assumption that with the acceptance of the direct payment approach, issuers would not need to change our current payment methodologies to have them uniform across all issuers. We do not know all of the payment processes of other carriers - and adopting same processes, such as timing of when bills go out, may be difficult to commit to.

- Third, since the direct payment approach would relieve the Exchange from establishing a new structure to accommodate premium payment from some individuals, we would expect that any invoice to QHP issuers for other administrative costs associated with the Exchange would reflect that diminished responsibility and administrative cost.

Thank you for the opportunity to comment and we look forward to working with you.

Sincerely,

A handwritten signature in cursive script that reads "Julie Roberts". The signature is written in black ink and is positioned to the left of the typed name.

Julie Roberts
VP and GM, Individual and Family Plans
Blue Shield of California