

# Individual Premium Aggregation Option

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# Individual Premium Aggregation

Federal rules give subscribers options for paying premiums for individual coverage through the Exchange:

- Subscribers can pay plans directly; or
- The Exchange can offer to collect premiums from subscribers and pool or “aggregate” the individual premiums into a single payment for each plan

# Individual Premium Aggregation

A Board Recommendation Brief published in May considered three options:

1. Exchange managing collection and aggregating payments to plans
2. Contracting with a vendor to manage collection and aggregation
3. Having subscribers pay plans directly

Note: The Exchange also has the option to receive directly payments from Indian Tribes and other tribal organizations that pay premiums for their members. The Brief does not address this issue pending discussions with Tribal representatives.

# Individual Premium Aggregation

We received stakeholders comments expressing:

- Support for the cost savings that would result from not duplicating existing payment processes.
- Concern that not paying premiums through the Exchange may diminish subscribers' identification with the Exchange as a source of coverage.

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Recommended approach:

Direct payment by enrollees to plans

- Less costly
- Simpler to administer
- Avoids the predictable losses related to dishonored payments, and
- Avoids the potential confusion of Exchange enrollees regarding where payments are to be made for their coverage.

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As part of this recommendation, the Exchange would develop policies to foster communication with subscribers to enhance their identification with the Exchange, such as:

- Assure that the Exchange has direct access to QHP subscribers.
- Require plans to provide billing information that reinforces the role of the Exchange, e.g. clearly identifying the amount of the subsidy provided through the Exchange to pay for the subscriber's coverage.
- Use the plans' regular billing communication with subscribers to provide information on behalf of the Exchange. This additional information could be provided by taking advantage of unformatted message space on the billing statement or through inserts in the bill statement envelope.
- Retain the responsibility for initiating contact with subscribers regarding open enrollment activities each year.
- Serve as an effective point of contact to provide direct customer service to help resolve billing or other issues that a subscriber may have with the plan's services.