



Individual Market Billing and Collections Recommendation

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A service of Maryland Health Benefit Exchange

- ✦ ACA specifies that non-group market billing and collections is optional for the Exchange but required for SHOP
- ✦ Billing and Collections have a major effect on the customer online buying experience as well IT build and operational costs
- ✦ MHBE staff evaluated three approaches:
 1. MHBE performs all individual billing and collections
 2. MHBE performs initial billing only
 3. Carriers perform initial and ongoing billing and collections
- ✦ States that have deferred billing and collections to carriers have cited IT and operational cost impacts and risk
- ✦ States that have elected to perform billing and collections have cited centralized control, overall system cost reduction, and a better customer experience

High Level Options Comparisons



Evaluation Factor	Exchange Performs	Carriers Perform	Initial Billing Only
Customer Plan Shopping Experience	Best	Fragmented	Best
Customer Ease of Billing Administration	Best (due to consolidated billing)	Neutral	Neutral
Customer Ease of Processing Life Changes	Best	Neutral	Neutral
MHBE Information Technology Impact	Neutral	Neutral	Neutral
MHBE Operational Impact	Resource Intensive and High Risk	Best (however, more MHBE external oversight required)	Neutral
MHBE Incremental Operational Cost (annual)	\$3.1M	\$705K	\$977K
MHBE Compliance with Federal Reporting Rules	Best (all eligibility and financial data in-house)	Neutral (requires data exchanges with multiple carriers)	Neutral (requires data exchanges with multiple carriers)
MHBE Customer Relationship Management	Best (monthly contract with customers)	Neutral	Neutral

	Exchange	Carrier	Exchange
	Performs	Performs	Initial Bill
Staffing	\$ 102,000	\$ 652,000	\$ 652,000
IT Support	\$ 25,000	\$ 75,000	\$ 75,000
Reconciliation Specialist	\$ 77,000	\$ 193,000	\$ 193,000
Reporting Analyst	\$ -	\$ 126,000	\$ 126,000
Database Analyst	\$ -	\$ 70,000	\$ 70,000
Software License	\$ -	\$ 5,000	\$ 5,000
Oversight & Maintenance	\$ -	\$ 183,000	\$ 183,000
Audit	\$ 14,000	\$ 53,000	\$ 53,000
Banking Fees	\$ 798,000	\$ -	\$ 72,000
Account Set-up	\$ 123,000	\$ -	\$ 61,000
Lockbox	\$ 675,000	\$ -	\$ 11,000
Postage & Mailing	\$ 2,200,000	\$ -	\$ 200,000
Total	\$ 3,114,000	\$ 705,000	\$ 977,000

- ✦ MHBE Performs Initial Billing for the Individual Exchange
 - Supports a complete end-to-end enrollment process for customers
 - Clearly establishes the timing of coverage effective date through the submission of a completed application with initial payment to carriers
 - Avoids operational cost associated with ongoing billing, which saves approximately \$2M per year versus MHBE performing ongoing billing and collections
 - Relieves the MHBE of managing partial payments, arrears management, and collections
 - Takes advantage of mature capabilities of carriers for billing and collections

- ✦ Technical capabilities developed for billing and collection provides flexibility for re-evaluation of decision based on 2014 outcomes

- ✦ Requires payment processing services for individual consumers, which will have larger volumes and additional payment types versus SHOP. Potential Payment Types include: Check, ACH, Credit
- ✦ Several points of carrier integration will still be required:
 - Payment preference information to carriers
 - Automated data exchanges for ongoing payment and collections data, especially for grace period and termination situations
 - Automated data exchange for eligibility changes, increases/decreases in APTC or other changes
 - Warm call transfers between carriers and MHBE customer service reps on eligibility, tax credit, enrollment, and billing issues

Discussion