

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

**Goals/Objectives:**

- Facilitate a smooth and efficient process for employers and their employees to pay premiums to Qualified Health Plans (QHPs) in the SHOP exchange
- Affordability and efficiency in transactions between health insurance carriers and COHBE

**Definitions:**

- Premium aggregation is the process of adding all the premiums owed in one month by an employer to all QHPs in which his/her employees are enrolled. In the SHOP, premium aggregation also involves sending a single monthly bill to an employer that is the sum total of all the premiums of his/her employees. Without this option of premium aggregation in the SHOP, a qualified employer may have to pay multiple bills to different QHP issuers each month.
- Payment options relate to the collection and payment of health insurance premiums in the SHOP exchange. These may include: online, by phone, by mail and through various means such as credit, check, or automatic electronic transfers

**Federal Law:**

In summary, premium aggregation is a minimum function of the SHOP, while it is optional for the individual exchange. The exchange must accept payment of an aggregate premium by a qualified employer. Exchanges have the flexibility to create a default payment option and to direct employers 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 management provides maximum flexibility regarding compensation options

**Recommendation:**

COHBE should provide employers 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 will be paid to QHPs monthly.

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.