

## Insurance Partnership Program

### Operational Procedures for Insurance Partnership and Family Assistance Premium Assistance

#### 11.0 Introduction

This section describes the procedures and requirements needed for premium assistance and Insurance Partnership under the IP. MassHealth contracts with several administrative entities to market the IP, to provide customer service to qualified employers and their employees, and to administer the premium assistance and Insurance Partnership payments on their behalf. These administrative entities are Billing and Enrollment Intermediaries (BEIs) and the Insurance Partnership Agent (IPA).

To qualify as an approved BEI, an organization must meet the criteria of 211 CMR 66.13(3), including being registered with the Commonwealth of Massachusetts Division of Insurance as a BEI and comply with MassHealth's contract requirements. The IPA is an entity that contracts directly with MassHealth to perform IP-related functions.

Functions of the IP administrative entities:

BEI and IPA functions overlap to some extent, although they serve different groups of employers and perform distinct roles within the IP. Both BEIs and the IPA market the IP to employers, insurers, health insurance intermediaries, and other entities involved in obtaining health coverage for employers and employees. BEIs and the IPA assist in enrolling eligible employers and employees into IP. BEIs and the IPA also provide qualified employers and eligible employees with customer service.

The roles of BEIs and the IPA diverge in terms of health plan enrollment and the health insurance payment process. Generally, BEIs formally enroll employer groups in health plans and bill employers for premiums. The IPA serves those employers not affiliated with BEIs or BEI-linked entities. It qualifies employers for the IP and allows employers to enroll in and purchase health plans through a broker of their choice (or directly through the insurer). Distinctions between the BEI and IPA approach to the IP payment process are described in **Section 11.5** below.

#### 11.1 Overview

MassHealth makes premium assistance payments available to all members with a gross family income at or below ~~300%~~ of the FPL, who have access to qualifying employer-sponsored health insurance. A qualified employer-sponsored health insurance plan must meet the Basic Benefit Level and the employer must contribute at least 50% toward the premium. This design creates an overlap

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between the Insurance Partnership, Standard premium assistance, CommonHealth premium assistance, and MassHealth's Title XXI State Plan.

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There are three MassHealth coverage types through which members may receive premium assistance towards their employer-sponsored health insurance – Standard, CommonHealth, and Family Assistance.

The Insurance Partnership Program has two components: assisting employers with their health insurance costs through an Insurance Partnership payment and assisting employees with payment of health insurance premiums through a premium assistance payment. The Insurance Partnership payment is based on amounts fixed by state legislation and the payment process is described in **Section 11.5** and the premium assistance payment calculation is described in **Section 3.6**.

~~The individual subsidies to IP members are limited to the value of the subsidies specified for the Commonwealth Care Health Insurance Program.~~

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Qualified employers will receive Insurance Partnership payments for each MassHealth member who receives premium assistance from MassHealth, no matter which MassHealth coverage type the member receives. All premium assistance payments made on behalf of MassHealth eligible members are eligible for FFP at the appropriate federal matching rate (except for those made on behalf of children under age 19 who are Aliens with Special Status as described in **Section 2.1.2.1.3**) as well as Insurance Partnership payments for “new” employer offered health insurance. New insurance is insurance that was not offered prior to January 1, 1999. Insurance Partnership payments for continuing and upgraded employer sponsored health insurance will be **state funded**.

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MassHealth determines eligibility for premium assistance payments as described in Section 2. The payment process is described below:

Members eligible for Standard or CommonHealth as well as Family Assistance members with HIV disease receive premium assistance through the Premium Assistance program. MassHealth provides premium assistance towards all or part of a member's private health insurance when it is cost-effective for MassHealth to do so. Some of these members will be claimed under Title XXI provided they (1) fall within an expansion category, (2) they are newly insured, (3) their health insurance meets the Basic Benefit Level (as described in section 3.6), and (4) their employer contributes at least 50% toward the cost of the health insurance policy.

Family Assistance members described in **Sections 2.1.3.4.6.1, 2.1.3.4.6.2, and 2.1.3.4.6.3** receive premium assistance through either the IP or under Title XXI. In order for children to be eligible for Family Assistance, they must have a family group gross income that is greater than 150% of the FPL but not greater than 300% of the FPL. Children with access to employer-sponsored health insurance (uninsured at the time of application) meeting the basic benefit level receive premium assistance through Title XXI. Children who are already insured at the

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time an application is made to MassHealth receive premium assistance through the IP as long as the employer contributes at least 50% to the cost of the health insurance premium and the insurance offered meets the basic benefit level. The premium schedule for Family Assistance members is described in Section 2.1.4.10.

**Deleted:** Family Assistance eligible members whose family's gross monthly income is between 100 and 150 percent of the federal poverty level will be charged a premium of \$12 per child, up to a maximum of \$15 per family group. Family Assistance eligible members whose family's gross monthly income is between 150 and 200 percent of the federal poverty level will be charged a premium of \$12 per child, up to a maximum of \$36 per family group.

Parents of children eligible for Family Assistance may be eligible themselves for Family Assistance if they work for a qualified employer. However, the premium assistance payments and FFP will be based on the children's eligibility.

Adults without children may be eligible for Family Assistance only if they work for a qualified small employer and they purchase employer-sponsored health insurance. These adults receive their premium assistance through the IP. In order for adults without children to be eligible for Family Assistance, they must have a family group gross income less than or equal to 300% of the FPL. Those members whose family group gross income is at or below 150% of the FPL will not have to pay anything towards the cost of their employer-sponsored health insurance. For those members whose family group gross income is above 150% of the FPL, the premium schedule for Family Assistance members is described in Section 2.1.4.10.

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**Deleted:** Family Assistance eligible members whose family's gross monthly income is between 100 and 200 percent of the federal poverty level will be charged a premium of \$27 per childless adult, up to a maximum of \$54 per couple. Premiums for members between 200 and 300 percent FPL are currently under development.¶

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## 11.2

### Employer Marketing

The IP administrative entities (BEIs and the IPA) are responsible for marketing of the IP program to employers. They will target those employers who offer or seek to offer health insurance to their employees as well as new businesses as they enter the marketplace. However, the IPA is also responsible for developing and implementing a statewide advertising campaign that promotes the IP to the target employer population.

The BEIs and IPA will work cooperatively with MassHealth to plan, develop and implement all marketing materials. All marketing materials require MassHealth approval prior to production and distribution. The administrative entities will inform employers of upcoming changes in the program through the development and production of ongoing communication materials. These draft communication materials require MassHealth approval.

## 11.3

### Employer Enrollment

The IP administrative entities will enroll employers qualified for Insurance Partnership payment based on MassHealth's program criteria. The IP enrollment process begins with BEI and IPA outreach to potentially qualified employers. These employers will have been identified through marketing efforts (see Section 11.2) or by MassHealth. The employers will be provided with an "Enrollment Package" containing an Insurance Partnership Employer Application by mail, telephone, or in a sales meeting. The BEIs and IPA will review all employer

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enrollment forms to determine an employer's qualification for the Insurance Partnership. Employers will be informed of their eligibility status in a written notice from the IP administrative entities, which will report the results of employer determinations along with associated employer data to MassHealth.

### **11.3.1 Change in Employer Data**

Qualified employers are required to complete another application upon change of ownership, federal employer identification number (FEIN), address, percentage of the contribution amount, or when any other circumstances change that might impact their qualification for the program. Qualified employers do not need to complete another application unless one of these events occurs, and otherwise continue in their active status. The IP administrative entities are responsible for this process. The BEIs and IPA will review the information to determine if the employer continues to meet the employer eligibility criteria. They will then inform both MassHealth and the employer of the employer's current eligibility status by written notice.

#### **11.3.1.1 Employer Data Base**

MassHealth will establish and maintain an employer database to include all qualified employer information. This information will include the employer's name, address, telephone number, SSN or FEIN, employer premium contribution amount and health insurance information (including plan offered, tiers of coverage offered and date health insurance was offered). The IP administrative entities are required to contribute to the maintenance of the employer database, preferably on a daily basis. The information will be obtained from the employer through the enrollment process or through routine notification by the employer of a change. ~~Changes in employer information will be used to reassess member eligibility for premium assistance or to adjust the premium assistance or Insurance Partnership payment amount.~~

**Deleted:** Employer information obtained by Masshealth's health insurance identification and investigation vendor will be coordinated with information obtained by the BEIs and IPA.

### **11.4 Employer and Employee Customer Service**

#### **11.4.1 Employer Customer Service**

The IP administrative entities will provide customer service for employers by communicating all information regarding the IP. They will also assist all potential employers in the MassHealth IP enrollment process. This includes providing assistance with the completion of employer enrollment. Further, the BEIs and IPA will respond to all employer inquiries about their eligibility status, premium assistance payments and Insurance Partnership payments.

As part of their customer service responsibilities, these administrative entities will ensure that qualified employers are informed of upcoming changes in policy or procedures and share best practices through development of newsletters, fact sheets and other materials.

#### **11.4.2 Employee Customer Service**

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The IP administrative entities are responsible for addressing all inquiries made by employees regarding MassHealth Premium Assistance and the status of a premium assistance payments.

They will refer all employee inquiries related to MassHealth eligibility, premium assistance amounts and availability of health insurance to the appropriate MassHealth Customer Service Center.

#### **11.4.3 Other Customer Service Functions**

The IPA will also provide customer service to insurers as well as business organizations, brokers, and other entities involved in obtaining health coverage for employer groups. This customer service will include (but is not limited to) responding to inquiries about the Insurance Partnership and providing informational materials about the program.

### **11.5 Health Insurance Payments**

#### **11.5.1 Payment Process**

The BEIs and the IPA will manage the premium assistance and Insurance Partnership payments in different ways. The following describes MassHealth's procedures in each case for making the premium assistance and Insurance Partnership payments, which offset the employee and employer health insurance premiums:

##### *The BEI Process*

The BEIs perform the following Insurance Partnership payment functions:

- The BEI determines an employer to be qualified to receive Insurance Partnership payments according to MassHealth criteria
- The BEI will receive from MassHealth a list, on a monthly basis, sorted by qualified employer, which is obtained from both information on MA21 and the employer database, and includes: Members/employees eligible for premium assistance, their premium assistance amount, associated Insurance Partnership amount, and the total Insurance Partnership amount for the employer.

MassHealth will deposit in the BEI's bank account the total amount of premium assistance and Insurance Partnership payments to be given to the Insurers on behalf of the qualified employers and eligible employees, and the administrative compensation owed the BEI. This payment will be based upon the monthly list described above, and will be made before the beginning of the coverage month. The BEI will indicate on the total monthly health insurance bill, which it sends to employers, the amount of payment, which will be contributed by MassHealth.

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In effect, for each eligible employee, the total cost of health insurance to the employer and employee will be reduced by the Insurance Partnership payment (employee's premium assistance payment and the employer's incentive payment).]

- The BEI will withdraw MassHealth's contribution amount from the bank account and pay the health insurance, once the BEI receives the payment from the employer for that month's health insurance premium
- The BEI will support the accuracy of all payments by updating MassHealth's employer database with information obtained through the employer enrollment process. This information includes both demographic information about the employer (e.g., name, address, FEIN) and health insurance information (e.g., health insurance tiers offered, employer and employee contribution amounts, date health insurance first offered by tier). The BEI will also notify MassHealth of any known changes that potentially affect an employee's eligibility (e.g. birth of child, divorce, loss of employment).
- A monthly reconciliation process will occur to ensure the accuracy of these premium assistance and Insurance Partnership payments.

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### **The IPA Process**

The Insurance Partnership Agent (IPA) will perform the following Insurance Partnership payment functions for employers not served by BEIs or BEI-linked entities:

The IPA determines, based on MassHealth criteria, which employers are qualified for the Insurance Partnership. The IPA continually updates MassHealth's systems with information and changes regarding qualified employers;

- MassHealth provides the IPA with a comprehensive monthly data file of qualified employers, eligible employees, and their corresponding Insurance Partnership and premium assistance payments, sorted by employer.
- MassHealth deposits in the IPA's bank account the total amount of premium assistance and Insurance Partnership payments.
- Based on the data file, the IPA creates a remittance advice for each qualified employer, indicating each employer's Insurance Partnership payment and their employees' corresponding premium assistance payment. the IPA will then:

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- (a) Produce the check or create an EFT deposit and accompanying remittance advice and send them to qualifying employers;
- (b) Require qualified employers to use such monies towards their Employees' health insurance premiums;
- (c) Require employers to provide necessary corrections or confirmations to the remittance advice. The IPA will then share this information with MassHealth;

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- The IPA will audit and reconcile the premium assistance and Insurance Partnership payments on a regular basis and report to MassHealth on the payments and any reconciliation efforts.
- The IPA is responsible to ensure that the employee's withhold is properly adjusted and the employer continues to purchase health insurance for the employee.

## 11.6

### Employer Regulations

MassHealth has developed a set of employer regulations which govern the responsibilities of qualified employers, the BEIs, and the IPA. (See Attachment 11.2)

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MassHealth worked cooperatively with Research Triangle Institute (RTI) International, a firm hired by CMS to do an analysis of Insurance Partnership program development and implementation. As part of that process, RTI conducted an independent survey of participating and non-participating Massachusetts eligible employers to determine the impact of the IP program on the marketplace. Massachusetts will work with CMS to use this analysis in considerations of extending FFP to employer subsidies for employers offering continued and improved employer-provided health insurance. From the RTI report and other considerations, such as budget neutrality and comparisons of Massachusetts' experience with regional and national trends, CMS will make a determination within 90 days of receiving the RTI report.¶

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