

# Washington Health Benefit Exchange (WAHBE)

## PREMIUM SPONSORSHIP PROGRAM

*For 2022 Plan Year*

### Background

#### Federal Law

Federal regulations (See [45 CFR 155.240\(b\)](#)) include provisions for Indian tribes, tribal organizations, and urban Indian organizations to pay Qualified Health Plan (QHP) premiums on behalf of their tribal members who are enrolled in health plans in the commercial market, subject to terms and conditions determined by each state exchange.

Federal regulations (See [45 CFR §156.1250](#)) also require that Issuers offering individual market QHPs, including stand-alone dental plans, must accept premium and cost-sharing payments from the following third-party entities on behalf of plan enrollees:

- (a) Ryan White HIV/AIDS Program under title XXVI of the Public Health Service Act;
- (b) Indian tribes, tribal organizations, or urban Indian organizations; and
- (c) State and Federal Government programs

#### Washington State Law

State law (See [RCW 43.71.030\(4\)](#)) directs the Washington Health Benefit Exchange (WAHBE) Board to establish policies that permit city and county governments, Indian tribes, tribal organizations, urban Indian organizations, private foundations, and other entities to pay premiums and cost-sharing on behalf of qualified enrollees. These entities are known as Sponsors.

State law (See [RCW 48.43.795](#)) requires QHPs to accept payments for enrollee premiums or cost-sharing assistance under RCW 43.71.110 or as part of a sponsorship program under RCW 43.71.030(4), clearly communicate premium assistance amounts to enrollees, accept and process enrollment and payment data transferred by the exchange in a timely manner.

The procedures listed in this policy detail Sponsor, Issuer and WAHBE responsibilities.

#### Amendments To Document

Amendments to this policy are made at a minimum of an annual basis. WAHBE will communicate any amendments to Sponsors and Issuers prior to their incorporation into the policy. Any amendments made to this policy are effective as of the next Open Enrollment Period, or as defined in the update. WAHBE will formally publish the policy annually on the WAHBE website each year<sup>1</sup>.

Once the final version of the policy is published, clarifications or updates to the policy are issued via supplemental updates. WAHBE will formally publish supplemental updates to the WAHBE corporate website and provide notification to Sponsors and Issuers at least 30 days prior to the effect of any changes.

---

<sup>1</sup> Most recent sponsorship policy available at: <https://www.wahbexchange.org/about-the-exchange/what-is-the-exchange/policies/>

## Sponsor Responsibilities

**Legal Authority:** The Exchange is willing to work with any entity interested in making payments on behalf of qualified individuals. However, certain public or nonprofit organizations, or certain public funds, might not be legally authorized to make individual insurance payments.

**Participation Agreement:** Prior to participation or prior to each plan year, Sponsors must submit a signed Sponsor Participation Agreement, which acknowledges that the Sponsor will, 1) Adhere to program requirements, 2) Identify one primary and a secondary point of contact. Issuers and the Exchange will engage with these individuals to discuss sponsorship related policy and program related activities. In the event of a change in primary point of contact, Sponsors must submit to the Exchange an updated Sponsor Participation Agreement identifying the new primary point of contact.

**Training:** Prior to each plan year, participating Sponsors must participate in a training hosted by the Exchange, to ensure awareness of sponsorship related policy, program, and system updates.

**Program Rules:** Prior to each plan year, participating Sponsors must submit a list of what they require of enrollees who participate in their sponsorship program. Each Sponsor may have program eligibility requirements that impact an individual's continued eligibility (e.g., a Sponsor may choose to only cover individuals up to certain income level, individuals who live in a certain area, or require eligible individuals to apply the maximum allowable subsidy amount towards their premium each month).<sup>2</sup>

Sponsors may cover the premiums for an individual, household, or one or more members in a household. Sponsors are also allowed to sponsor premiums for any plan they choose. Sponsors may inform individuals which plans are sponsored, but when selecting a plan, the individual must be shown all available plan choices. If an individual chooses a plan, tier, or Issuer that is not included in the Sponsor's list of supported plans, the Sponsor is not required to sponsor that enrollee's premium payment.

Changes the Sponsor makes to their rules of participation must be communicated to the Exchange on an ongoing basis. Individual Sponsor rules submitted to the Exchange will not be shared with any individual or organization without prior approval from the Sponsor.

**Conflict of Interest:** If a Sponsor receives any compensation, directly or indirectly, from an Issuer for enrolling individuals or employees in insurance coverage, the Sponsor must disclose that fact to the Exchange and the sponsored individuals at the time of enrollment. Premium refunds and Medical Loss Ratio (MLR) rebates of a Sponsor's pro rata portion of a sponsored enrollee's premium payment are not considered direct or indirect compensation for conflict-of-interest purposes.

**Duration:** Each Sponsor must commit to sponsoring an enrollee for a plan benefit year (or the remainder of the plan benefit year if a sponsored individual enrolls mid-year). Exceptions to this durational requirement

---

<sup>2</sup> People purchasing a Qualified Health Plan (QHP) through Washington Healthplanfinder may be eligible for a federal tax credit that can lower the cost of their premiums. Advance Premium Tax Credits (APTCs) are paid by the federal government directly to the insurance issuer to lower the cost of premiums. In Healthplanfinder, if an individual is determined to be eligible for a tax credit, he/she then selects how much of the subsidy to apply towards their premium amount each month. Sponsor organizations may want to consider requiring individuals to apply the maximum allowable amount of APTC to their premium each month.

based on unexpected events will be considered on a case-by-case basis (e.g., a Sponsor experiences a sudden financial shortfall). This durational requirement does not apply if the sponsored individual no longer meets a Sponsor's rules of participation.

**Adding or removing Sponsored households:** The Sponsor must notify the Exchange within 5 business days when a sponsored enrollee needs to be added or removed from their Sponsorship program so the change can be recorded in *Washington Healthplanfinder*. Failure to directly report the desired change to the Exchange within the required timeframe could cause *Washington Healthplanfinder* and Issuer systems to become out of synch. The Sponsor is also responsible for notifying individuals being removed at least ten (10) business days before the next payment is due.

**Premium Payment(s):** Premium payment(s) will be made by Sponsors directly to Issuers on behalf of sponsored enrollees. Payment deadlines may vary by Issuer. Effectuation of an enrollment for a sponsored enrollee will not occur until the Sponsors submit a binding payment to corresponding Issuer.

Sponsorship information is transmitted from the Exchange to Issuers at the enrollment level. Sponsors will be expected to pay the full invoice amount for all household members seeking coverage through a single enrollment ID. If a Sponsor only elects to sponsor specific members of a household, the household will need to be assigned separate Enrollment IDs (EID) within the same application. Sponsorship will be assigned to the EID of the sponsored enrollee(s), in *Washington Healthplanfinder*, and transmitted to Issuers using the enrollment 834 transactions. More detailed information can be found in the 834 Companion Guide.<sup>3</sup> Each Sponsor will be billed for the medical coverage selected by covered household members seeking coverage.<sup>4</sup>

If a premium payment is not made on behalf of the sponsored enrollee, a delinquency, grace period or termination could occur. Each sponsored enrollee is responsible for ensuring their premium payment has successfully been made. If a sponsored enrollee makes a premium payment, enrollees should coordinate with their Issuer and/or their Sponsor in seeking a refund for premiums.

- Initial enrollments created during open enrollment or by special enrollment period (SEP) require a binder payment to become effectuated. Binding payment is the first month premium. Binding payment due dates are no earlier than the coverage effective date and no later than 30 calendar days from the coverage effective date. For retroactive or special effective dates, the binding payment is due no later than 30 calendar days from the date the Issuer receives the enrollment transaction. Binding payment due dates must allow 15 business days for premium payment after invoice is received.
- Households not receiving Advance Premium Tax Credits (APTCs) have a 1-month grace period to make payments. If payment is not made during the thirty (30) day grace period, they will be disenrolled effective the last day of the month prior to their grace period. For example, if payment for an unsubsidized enrollee for the coverage period of April 1- April 30 is not made, coverage will terminate effective March 31.

---

<sup>3</sup> Most recent 834 Companion Guide available at: <https://www.wahbexchange.org/about-the-exchange/committees-and-workgroups/plan-certification-workgroup/>

<sup>4</sup> Sponsor organizations unable to subsidize dental coverage will need to clearly state that as a program eligibility requirement and ensure that sponsored enrollees understand they need to submit payment for dental coverage.

- Households that are receiving Advance Premium Tax Credits (APTCs) are eligible for a 3-month grace period to make payments. The health insurance Issuer is required to pay claims during the first month of the grace period but may suspend claims in the second and third months. If a payment is not made during the 90-day grace period, coverage will terminate effective the last day of the first month of the grace period. For example, if a subsidized enrollee fails to make a payment in March (payment deadlines may vary by Issuer) for the coverage period of April 1- April 30, they will enter the grace period on April 1. If no payment is made during their April 1 – June 30 grace period, coverage will terminate effective April 30.

**MLR Rebates:** For purposes of Issuers providing an MLR rebate to enrollees, federal regulation defines enrollee as “the subscriber, policyholder and/or government entity that paid the premium for health care coverage received by an individual during the respective MLR reporting year.” 45 CFR 158.240(b).

- **Governmental Entity Sponsor:** If a Sponsor is a tribal, federal, state, or local governmental entity, it is the Sponsor’s responsibility to notify the Issuer if the Sponsor’s pro rata portion of the MLR rebate should be paid directly to the enrollee.
  - **Notice:** Such Sponsor shall notify the Issuer as to whether the Sponsor’s pro rata portion of the MLR rebate should be paid directly to the enrollee within seven (7) calendar days of receiving notice from the Issuer of intent to issue MLR rebates.
- **Non-Governmental Entity Sponsor:** If a Sponsor is a non-governmental entity, the Sponsor may decide whether to enter an agreement with a sponsored enrollee to forward the pro rata portion of any MLR rebate paid by the Sponsor to the Sponsor. Sponsors using restricted funds to pay Sponsored enrollees’ premiums may need to enter such an agreement to ensure compliance with applicable laws and/or regulations regarding the use of the restricted funds.

## Issuer Responsibilities

**Provide a point of contact:** Issuers must provide at least one point of contact on the Carrier Information Template that Sponsors, and the Exchange can contact directly to discuss sponsorship related policy and program issues.

**Provide Sponsors with an accounting of the total amount owed:** Issuers are required to inform the Sponsor, on at least a monthly basis, of the total amount(s) owed on behalf of each Sponsored enrollee (to include any balances owed from prior or current month(s)). This information must be provided to Sponsors no less than 7 business days before the Issuer’s payment deadline to allow Sponsors enough time to remit payment prior to coverage start date (for initial binding payments) and prior to monthly payment deadline (for ongoing payments).

Alternative processes may be used to inform Sponsors of the total amount owed if such alternative processes are mutually agreed upon between the Issuer and the Sponsor and written documentation is

provided to the Exchange.<sup>5</sup>

More information on the process Issuers use to provide Sponsors with an accounting of the total amount owed can be found in the WAHBE Enrollment and Payment Process Guide.<sup>4</sup>

**Accept payments from, and issue refunds to, Exchange-registered Sponsors:**

**Payments:** Issuers are required to accept third-party payments from Exchange-registered Sponsors. This will include accepting all required forms of payment, including payment by paper check, cashier's check, money order, EFT, and general-purpose prepaid debit card.

**Invoicing:** Issuers are required to clearly communicate full and/or partial premium assistance amounts to enrollees as a part of the invoicing and payment process, so enrollees understand what net premium payment amount is owed by them to the Issuer (if any).<sup>6</sup>

**Premium Refunds (not including MLR rebates):** Issuers are required to issue any refunds of a Sponsor's premium payment directly to the Sponsor. Refunds of a Sponsor premium payment shall not be issued to a Sponsored enrollee unless directed by the Sponsor.

**Issue MLR rebates to and/or provide MLR rebate recipient information to Exchange-registered Sponsors:**

**MLR Rebates:** For purposes of Issuers providing an MLR rebate to an enrollee, federal regulation defines enrollee as "the subscriber, policyholder and/or government entity that paid the premium for health care coverage received by an individual during the respective MLR reporting year." 45 CFR 158.240(b).

- **Governmental Entity Sponsor:** If a Sponsor is a tribal, federal, state, or local governmental entity, an Issuer shall pay the pro rata portion of the MLR rebate to the Sponsor unless otherwise directed by the Sponsor.<sup>7</sup> The following example demonstrates how a Sponsor's pro rata portion of the MLR rebate, based on the portion of the premium paid by the Sponsor, is calculated:
  - **Example: Policy is issued a 5% MLR rebate.**
    - Policy premium = \$500
    - Tax Credit = \$400
    - Sponsor payment = \$100
    - MLR rebate = \$25
    - Pro rata calculation based on 20% of premium paid by Sponsor, 80% by individual tax credit

---

<sup>5</sup> For example, some sponsors are currently proactively sending payments to Issuers prior to receiving monthly invoices or a monthly list bill. Issuers are reconciling payments and then sending Sponsors a list of discrepancies. This process is preferred by some Sponsors and Issuers.

<sup>6</sup> RCW 48.43.795, effective 7/25/2021, this change in invoicing will also be required for state subsidy invoicing.

<sup>7</sup> For purposes of issuing an MLR rebate, federal guidance does not distinguish between an enrollee who chooses to pay the health insurance premium upfront and claim the premium tax credit (PTC) when they file taxes, and an enrollee who chooses to apply the PTC against the premium in advance. Therefore, when a portion or all of a policyholder's premium was paid with PTC, the Issuer must provide the PTC portion of the rebate to the policyholder. [CCIO Technical Guidance \(CCIO 2015—0001\): Questions and Answers Regarding the Medical Loss Ratio \(MLR\) Reporting and Rebate Requirements \(May 27, 2015\)](#).

- Pro rata amounts = \$5 (20% of rebate) due to Sponsor, \$20 (80% of rebate) due to enrollee
- **Non-Governmental Entity Sponsor:** If a Sponsor is a non-governmental entity, Issuers are required to pay the MLR rebate directly to the sponsored enrollee.
- **Notice and Identification of Sponsored Enrollees and Amount of MLR Rebate Attributable to the Sponsor:**
  - Issuers shall notify WAHBE and Sponsors of intent to issue MLR rebates within, at a minimum, 14 calendar days of filing the Issuer's Annual MLR Reporting Form with CMS.
  - Issuers shall send each Sponsor the following information prior to MLR rebate distribution:
    - 1) a list of Sponsored enrollees designated to receive the MLR rebate; and
    - 2) for each Sponsored enrollee, the dollar amount of the MLR rebate attributable to the Sponsor based on the premium paid by the Sponsor.
  - Issuers shall coordinate with WAHBE as needed to provide this list to Sponsors.

More information on the payment and refund processes Issuers must adhere to can be found in the WAHBE Enrollment and Payment Process Guide.<sup>8</sup>

**Participation Agreement:** Prior to each plan year, Issuers must enter into a Participation Agreement with WAHBE. The Participation Agreement requires Issuers to adhere to all health plan certification criteria, WAHBE Enrollment and Payment Process Guide, 834 Companion Guide and this policy.

## Exchange Responsibilities

**Provide a point of contact:** The Exchange must provide at least one point of contact that Sponsors, and Issuers can contact directly to discuss sponsorship related policy and program issues.

**Approve and manage active Sponsors:** The Exchange will provide staff to manage the sponsorship program and provide training and additional administrative support as needed (e.g., host periodic webinars/calls for program participants, generate periodic reports to assist Sponsors and Issuers with program administration and future planning).

**Assign and remove Sponsors to/from households in *Washington Healthplanfinder*:** Based on information received from each Sponsor, the Exchange will assign and remove Sponsors in *Washington Healthplanfinder* and transmit that information to Issuers using the enrollment 834 transactions. More detailed information can be found in the 834 Companion Guide.<sup>9</sup>

---

<sup>8</sup> Most recent Enrollment and Payment Process Guide available at: <https://www.wahbexchange.org/about-the-exchange/committees-and-workgroups/plan-certification-workgroup/>

<sup>9</sup> Most recent 834 Companion Guide available at: <https://www.wahbexchange.org/about-the-exchange/committees-and-workgroups/plan-certification-workgroup/>

## Copies of Correspondence

The Exchange sends eligibility and enrollment related correspondence directly to sponsored enrollees. Authorized representatives (designated by the enrollees in their *Washington Healthplanfinder* account) will receive copies of these correspondences.

Insurance cards, invoices, and all other policy and payment related notifications will be sent directly from the Issuer to sponsored enrollees. Authorized representatives (designated by the enrollees in their *Washington Healthplanfinder* account) will receive copies of these correspondences.

Sponsored enrollees will be billed directly for any out-of-pocket costs, such as co-pays or deductibles, or their share of covered services provided. Sponsors will not receive copies of customer correspondence and should coordinate with individual enrollees to obtain necessary correspondence.