

## CHAPTER 12: BILLING & LATE PAYMENTS

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## CHAPTER 12: BILLING & LATE PAYMENTS

### A. Introduction

This Chapter will detail the policies, procedures and rules governing terminations, billing, and late payment in the HealthSource RI individual and SHOP markets.

### B. Termination of Coverage in the individual market

Issuers of QHPs (health insurance companies) may not terminate the coverage of any QHP unilaterally.<sup>1,2</sup> Should a health insurance company believe that termination of an enrollee is warranted, it may request that termination be initiated by HealthSource RI by providing notice to HealthSource RI in writing or in such other format as HealthSource RI may determine, but the termination must be completed by HealthSource RI. Upon examination and successful validation of such request, HealthSource RI will initiate such termination and provide notice of termination to the enrollee and the health insurance company.

1) *Involuntary Termination*: HealthSource RI will initiate the termination of an enrollee's coverage in the following circumstances<sup>3</sup>:

- The enrollee is no longer eligible for coverage through HealthSource RI;
- The enrollee did not pay his or her premiums, after the exhaustion of any applicable grace periods;
- The enrollee's coverage has been terminated;
- The QHP terminates or is decertified;
- The enrollee changes from one QHP to another during a qualified enrollment period.

**Example:** Amy moves out of the state of Rhode Island and reports this change to the exchange. She is no longer eligible for coverage through the QHP. HealthSource RI will terminate her coverage at the end of the month in which she reports this change.

2) *Voluntary Termination*: An enrollee may request to terminate health coverage in a QHP at any time, including because he or she has obtained other minimum essential coverage.<sup>4</sup> An enrollee may terminate his or her coverage through the customer's online account, or by calling or visiting the HealthSource RI contact center. The effective dates of terminations are described in Section D of this Chapter.

### C. Notification

Upon termination, HealthSource RI shall provide the customer with a notice of termination as well as any other additional notices, as appropriate depending on the reason for the termination. This notice will include the reason for termination and will be sent at least 30 days prior to the last day of coverage for any form of involuntary termination.<sup>5</sup> Customers who voluntarily terminate their coverage will be disenrolled at the end of the month in which they are making the request and will receive a notice upon completion of the voluntary termination.

Termination notices are always sent by mail, regardless of whether the individual has set his or her notification preference to e-mail. The termination notice will be sent to the primary account contact. If the

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<sup>1</sup> 45 CFR 155.430(a)

<sup>2</sup> 45 CFR 156.270(a)

<sup>3</sup> 45 CFR 155.430(b)(2)

<sup>4</sup> 45 CFR 155.430(b)(1)

<sup>5</sup> 45 CFR 156.270 (b)(1)

individual has authorized a representative to make decisions on that individual's account, and the authorized representative's address is listed on the account, then the authorized representative is considered the primary account contact and will receive the termination notice.

#### **D. Effective dates for termination of coverage**

Coverage through HealthSource RI is offered in one-month intervals. HealthSource RI is not able to perform mid-month terminations, with the only exception being for the case of death. In all other cases of voluntary termination, the last day of coverage will always be<sup>6</sup>:

- The last day of the month during which termination is requested by the enrollee; or
- If the enrollee requests a later termination date, then on the last day of the month specified by the enrollee;<sup>7</sup> or
- If enrollee is terminated because of switching from one QHP to another during open enrollment or special enrollment, the last day of coverage in an enrollee's previous QHP is the day before the effective date of coverage in his or her new QHP, including any retroactive enrollments.

In the case of a termination due to the individual becoming ineligible for coverage in a QHP through HealthSource RI, the last day of coverage will be the last day of the month following the month that HealthSource RI sent notification of an eligibility redetermination.<sup>8</sup>

If a QHP enrollee is determined eligible for Medicaid then the last day of QHP coverage is the last day of the month that the enrollee is determined eligible for Medicaid.

In the case of termination due to the death of an enrollee, the last date of coverage shall be the day of the death.<sup>9</sup> For mid-month terminations due to deaths, premiums shall be prorated in accordance with a 30-day prorating rule. The premium payable for that terminated enrollee shall be calculated as follows:

$$(Total\ Days\ of\ Coverage\ Received / 30) \times Full\ Monthly\ Premium$$

**Example:** Kevin was paying \$240 per month for his premium. If he dies on July 20<sup>th</sup>, his coverage would be terminated on July 20<sup>th</sup> and his premium would be pro-rated using the calculation as follows:

$$(20/30) \times \$240 = \$160$$

The premium payable for Kevin would equal \$160.

In the case of a termination due to non-payment of monthly premium:<sup>10</sup>

- If the individual receives APTCs and, as a result, is eligible to receive a 3-month grace period, the last day of coverage will be the last day of the first month of the 3-month grace period.
- For individuals not receiving APTCs, the last day of coverage will be the last day of the 1-month grace period.

<sup>6</sup> 45 CFR 155.430(d)(1)-(2)

<sup>7</sup> An enrollee may not specify a termination date more than three months from the date of the request for termination of coverage.

<sup>8</sup> 45 CFR 155.430 (d)(3)

<sup>9</sup> 45 CFR S. 155.430(d)(7)

<sup>10</sup> 45 CFR 155.430 (d) (4)-(5)

**Example:** Barbara is eligible for APTCs and fails to make a premium payment for May coverage by the April 23 deadline. She has until July 31 to pay the outstanding balance on her account. If no payment is received by July 31, Barbara will be terminated from her plan effective May 30.

**Example:** Ben is not eligible for APTCs and fails to make a premium payment for May coverage by the April 23 deadline. He has until May 31 to pay the outstanding balance on his account. If no payment is received by May 31, he will be terminated from his plan effective May 30.

For all other cases of involuntary termination, HealthSource RI shall set the effective date of termination in accordance with applicable law.<sup>11</sup>

**Example:** Megan wishes to voluntarily terminate her coverage, and submits her request to HealthSource RI on May 10th but does not specify a requested termination date. The effective date of termination will be May 31.

**Example:** Edward has become eligible for Medicaid with a coverage effective date of April 1. His existing coverage will be terminated by HealthSource RI on April 31.

**Example:** Sandy is re-determined by HealthSource RI to be ineligible for coverage through a QHP, and is notified of this redetermination on September 18. Barring a request to provide additional documentation in support of eligibility, the last day of her coverage will be September 30th.

**Example:** Deb is enrolled in a QHP that has been decertified, and can no longer purchase coverage through HealthSource RI, HealthSource RI will terminate Deb's coverage. The effective date of the termination will be the last day of the month at which point the QHP will no longer offer coverage. Deb will receive notification of a 60 day time period (a special enrollment period) within which she will be able to select a new QHP.

#### **E. Effective dates for termination of SHOP coverage**

Federal regulations grant the SHOP flexibility to determine the timing in which coverage in a QHP may be terminated.<sup>12</sup> Terminations from SHOP coverage shall always be effective on the last day of a month, except in the case of a death of an enrollee, in which case the last day of coverage shall be the date of the death.<sup>13</sup> For mid-month terminations, premiums shall be pro-rated.<sup>14</sup>

#### **F. Retroactive SHOP Terminations**

The employer may choose either the last date of the current month, or the last day of the prior month to remove ("terminate") the employee from the SHOP.<sup>15</sup>

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<sup>11</sup> 45 CFR 155.430(a)

<sup>12</sup> 45 C.F.R. S. 155.735(a)

<sup>13</sup> 45 C.F.R. S. 155.735(a)

<sup>14</sup> 45 C.F.R. S. 155.735(a)

<sup>15</sup> 45 CFR S. 155.735(a)

## G. Billing

HealthSource RI's financial management system is the system of record for transactions related to billing and payment for coverage purchased through HealthSource RI.<sup>16</sup> With the exception of certain special enrollment categories, payment is always due in full in advance of the coverage month to which it is meant to apply.

### 1) Initial Invoices

Initial Invoices are sent during annual open enrollment and during Special Enrollment Periods (SEP). The day after a plan selection has been made, the initial invoice is placed in the customer's online account, and if the customer has selected paper mail as his or her communication preference, the invoice is also mailed to the address on record for the customer (or his or her authorized representative, if one has been selected).

The form and manner of transmission of all subsequent invoices are in accordance with the preference indicated by the customer in the account. Customers who indicate a preference for electronic communication will receive a notice at the email address they provided to alert them when a new invoice is available in their online account.

Invoices have a payment due date of the 23<sup>rd</sup> of the month. Regulations grant HealthSource RI flexibility to establish a deadline relative to the Annual Open Enrollment Period by which an individual's first month's premium must be received in order to make coverage effective as of the first day of the upcoming coverage year.<sup>17</sup> HSRI may or may not extend the payment deadline in a given Open Enrollment. Customers should refer to their Open Enrollment notice or [www.HealthSourceRI.com](http://www.HealthSourceRI.com) for updated information regarding payment dates.

**Example:** Mariam has made a plan selection on November 20<sup>th</sup> during Open Enrollment and selected an effective coverage date of February 1. An initial invoice will be generated and mailed to her in December. The payment due date on the invoice will be January 23.

### 2) Ongoing Invoices

Ongoing invoices for both the individual market as well as SHOP enrollees will be generated monthly with payment being due on the 23<sup>rd</sup> of the month before the coverage month to which such payment applies. Payment for any given month's premium must be received by the 23<sup>rd</sup> or customers risk having an interruption to coverage.

**Example:** Matt is currently enrolled in a QHP through HealthSource RI. An invoice will be generated and mailed to him in early February and the full payment of that invoice will be due on the 23<sup>rd</sup> of February for the coverage month of March.

## H. Payment Options

HealthSource RI will provide customers with several options for paying their bills. Those options are as follows:

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<sup>16</sup> 45 CFR 155.240(c)

<sup>17</sup> R23-1-1-ACA S. 4.5(b)

- *By mail:* Customers may mail a check or money order with their statement printed from HealthSource RI portal. The check or money order and statement must be mailed to: HealthSource RI, P.O. Box 9711, Providence, RI 02940-9711.
- *One-time and recurring electronic payments (ACH):* Customers can choose to make a one-time electronic payment or sign up for recurring electronic payments. Rules for establishing recurring payments must be followed.
  - Enrollees may be required to set up a new recurring payment schedule for each coverage year, but the Exchange retains the discretion to carry forward recurring payment year from one policy year to another.
  - Customers will receive a confirmation number after making a payment in this fashion and should retain that number for your records.
  - For customers with recurring monthly payment: a notation that customer has recurring payment set up will appear on his or her invoice. If it does not appear on an invoice, customer needs to log into his or her online account or contact HSRI to confirm the payment account information is correct. If the invoice does not show a customer has recurring payments, he or she, will need to make a manual payment by the 23<sup>rd</sup> to avoid any potential disruptions to the customer's coverage.
- *Directly to health insurance company:* Federal regulations permit enrollees to pay their health insurance company directly if the health insurance company accepts direct payments. Direct payments are discouraged by HealthSource RI, and may require extra processing time and/or result in disruptions to coverage.
- *In person:* Customer wishing to hand-deliver payments can do so at the HealthSource RI Walk-in Center at 401 Wampanoag Trail. The Walk –in Center can only collect check or money orders; cash or electronic payments will not be accepted at the Contact Center.

**It is critical for customers mailing or dropping off a payment to include their account number with their payment to ensure the payment is applied to the correct account. Failure to include this information could result in a disruption of coverage.** HSRI will make every effort to reunite a customer with their property, either in the form of a refund or application of funds towards a balance owed. If HSRI is unable to identify the intended account or reach the payer after reasonable efforts, then the unclaimed funds will escheat to the State of Rhode Island as unclaimed property. After this point, HealthSource RI is no longer able to access these funds.

All payments are stored at the account level and applied against balances from oldest to newest. This means that when customers owe outstanding payments for prior months, any payments they make will be applied to outstanding premiums in the order of oldest to newest. For example, where a customer has not paid the full premiums for coverage in April and May, any payments made for June coverage will first be applied to satisfy the April balance, and then applied to satisfy the May balance, prior to being applied to the balance for June coverage.

#### **I. Late Payment**

Individuals and employer bills will be considered overdue if they are not paid in full by the 23<sup>rd</sup> of the month for the proceeding month's coverage. Special payment deadline rules may be published for the Annual Open Enrollment Period and will be issued on a year-by-year basis dependent upon the circumstances for that year.

These deadlines will be included on the Annual Open Enrollment notice and any deadline extensions will be posted on [www.HealthSourceRI.com](http://www.HealthSourceRI.com) as they are extended.<sup>18</sup>

Customers who are attempting to make a payment for coverage after they have been terminated for non-payment will be issued a refund and will not be able to enroll in coverage until the next Open Enrollment period unless they experience a qualifying life event.

## J. Making a payment

Customers may make payments directly through their online HealthSource RI account. This method is the best way to ensure payments are received in a timely fashion. Customer should not make two payments within the same 24 hours. Doing so could result in cancellation of one, or both, payments.

Valid payment methods include electronic payments (direct withdrawal from customer's account), check, or money order. A recurring payment can only be set up after a customer has paid his or her first invoice in full. Customers choosing to pay online, either by using a one-time payment or through a monthly recurring payment, should review the terms and conditions for payments available at the time when they are making the payment. If a customer is making this payment over the phone, the contact center representative will read the terms and conditions to the customer.

Please note, payment is due on the 23<sup>rd</sup> of the month for the next month's health coverage and payment must be **received** by this date. For payments made by mail, customers should allow enough processing time for the mail to arrive. HSRI will not abide by postmarked dates for payments, as they must be received by the 23<sup>rd</sup> in order to ensure there is no disruption to coverage. A customer is considered paid if their initial payment for the year is within \$5 of the amount owed, and for subsequent months if the balance is less than \$10.

- a. Balance owed at time of invoice and account changes made after that date resulting in additional amount owed:

Customers should review their monthly invoice to ensure it reflects the correct coverage household and plan selection. Customers who make changes to their account between the time printed on the invoice through the payment due date of the 23<sup>rd</sup> should log into their online account, or call the contact center, to ensure they are paying the correct amount owed. Many changes can have an impact on balance due for a given month. Customers with recurring payments should confirm they do not owe an additional balance following an account change. **For customers with a recurring payment, if a change is made after the date on the invoice that results in a different amount due compared to what is on the invoice, the recurring payment will withdraw the lower amount in that month. This could result in an interruption to coverage. Customers with recurring payments should check their account balance whenever they make any changes to their account, including updates to income or family composition.**

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<sup>18</sup> 45 CFR 156.270

If customers do not pay their full balance then their account is at risk of experiencing an interruption in coverage. It is the customer's obligation to make sure they are paid in full by the payment due date.

#### **K. Notification**

Individuals electing to receive APTCs who are overdue on their bill will receive a late notice with their monthly invoice.<sup>19</sup> The notice will include the amount overdue and the coverage termination date if the customer does not pay their overdue balance by the deadline. Late notices and intent-to-terminate notices do not show up in a customer's online account and are only sent via mail. Employers and individuals not receiving an APTC and who are overdue have a one-month grace period,<sup>20</sup> and will receive an *Intent to Terminate* notice at least 30 days prior to the termination date<sup>21,22</sup>. Individuals who do not qualify for APTCs and employers who continue to be delinquent 1-month beyond the overdue date will be terminated for non-payment after one month, in accordance with grace period rules.<sup>23,24</sup>

Individuals who qualify for APTCs have a 3-month grace period and will be terminated for non-payment if payment is not received by the end of the three month grace period.<sup>25</sup> Termination will be effective as the of the last day of the first month of the grace period.<sup>26</sup>

Late payment notices will be generated every month. Invoices with late payment notification and termination notices will be delivered by mail, regardless of the individual's preference. The late notice will be sent to the primary account contact. If the individual has authorized a representative to make decisions on that individual's account, and the authorized representative's address is listed on the account, then the authorized representative is considered the primary account contact and will receive the late payment notice.

**Example:** Olivia is not eligible for APTCs and she forgot to pay the bill for her March coverage, which was due on the 23<sup>rd</sup> of February. She will receive a late payment notice including the amount she owes and informing her that her coverage will be end on March 31 if she doesn't pay her outstanding balance by March 23<sup>rd</sup>.

#### **L. Pending and Unpending Claims During Grace Period Months**

In the case of an enrollee receiving APTCs who is delinquent in their premium payment, HealthSource RI will provide a grace period of three consecutive months, as described above. During this grace period, health insurance company actions surrounding any claims incurred by the enrollee are dependent upon the following timeline:<sup>27</sup>

- During the first month of the grace period, the health insurance company will pay all appropriate claims for services rendered to the enrollee.

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<sup>19</sup> 45 CFR 156.270(f)

<sup>20</sup> RIGL 27-18-3(a)(3)

<sup>21</sup> 45 CFR 156.270(b)(1)

<sup>22</sup> 45 CFR 156.270(f)

<sup>23</sup> 45 CFR 155.430(d)(5)

<sup>24</sup> RIGL 27-18-3(a)(3)

<sup>25</sup> 45 CFR 156.270(d); 45 CFR 156.270(g); 45 CFR 155.430(d)(4)

<sup>26</sup> 45 CFR 155.430(d)(4)

<sup>27</sup> 45 CFR 156.270(d)(1)

- During the second and third month of the grace period, the health insurance company *may* pend claims for services rendered to the enrollee. Pending claims mean that the customer may have to pay the full price for the service at the point of service and have the opportunity to submit claims to his or her health insurance company for reimbursement at a later date if premium payment is made for the pended coverage month. If payment is never made for the overdue premium, the individual is eventually termed from coverage in accordance with the dates outlined in Section D. Health insurance companies retain the right to collect upon unpaid premiums for months during which claims for services rendered to the enrollees are paid by the health insurance companies.

#### **M. Automatic Renewal and De Minimus Variations**

In the case where a customer has active coverage in a given year, HealthSource RI may notify the customer that he or she is eligible for automatic renewal for the following year. If the customer who has been notified of same owes less than \$5 on the payment due date for January coverage in December, counting the premium for January in the upcoming year, the customer's coverage will automatically renew for January in the upcoming year. The customer will be liable to pay back any tax credits paid out for January, and every other month of coverage where they do not pay their full share of the premium. **Customers who have been notified that their coverage will automatically renew for the following year who owe less than \$5 and who don't wish to be renewed for January 1<sup>st</sup> need to request to disenroll by December 31<sup>st</sup> or they will be automatically renewed into a plan.**

#### **N. Refunds**

Customers with valid credits on their account can request a refund of that credit. The refund request is analyzed and approved or denied by the HSRI research team. The customer will be contacted with the results of the research. Refunds cannot be requested until 15 days after a customer payment has been made.

- Refunds must be requested by phone via the contact center. Mailed requests for refunds will not be reviewed.
- If a customer has active coverage and plans to continue with HSRI, he or she is encouraged to apply any overpayments or credit balances to future months of coverage. It is unlikely that a refund would be issued before the next premium is due.
- If a refund is mailed and the mail is returned, HSRI will look into whether there has been a recent address change for the account. If there is no address change, HSRI will attempt to contact the customer by phone. If unable to reach a customer, a letter will be written to the address on file. Depending on how much time has elapsed, a new check may need to be issued.

#### **Refund requests when an account holder is deceased:**

- HSRI's policy is that it will honor valid refund requests in the name of deceased account holders. These refunds can be deposited into the estate of the account holder.
- HSRI cannot change the name on the refund check to that of another person or family member if that person or family member is not an Authorized Representative on the account.

#### **O. Health Insurance Company Assessment Fee**

The assessment fee for HSRI shall be expressed as a percentage of premiums and based upon the total premium dollars expected to be collected in a given quarter. On or before each last day of January, April, July, and October, HSRI will generate an invoice to each health insurance company. Invoice amounts will be calculated quarterly, based on premiums for the prior three-month period.

The Carrier Exchange handbook provides more detail regarding the invoicing structure and mechanism to make payments.

**P. Collection After Termination**

After the coverage of an individual, family, or employer group is terminated, HealthSource RI will cease with collection activities and allow the health insurance company to directly collect amounts due to it. At this point, should any terminated individual, family, or employer group pay any amounts to HealthSource RI, which is due to the Issuer, HealthSource RI will forward such amounts to the respective health insurance company.

**Q. Bankruptcy**

In the event a customer files for bankruptcy, the end creditor is the customer's respective health insurance company. As further explained in Section Q, above, after the coverage of an individual, family, or employer group is terminated, HealthSource RI will cease with collection activities and allow the health insurance company to directly collect amounts due to it. When HealthSource RI is served with any notice pursuant to Section 362(a) of the Bankruptcy Code, HealthSource RI may forward the notice and its attendant documents to the Issuer.