

## Private Exchange Group Shopping

### Producer Communication #608

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#### Message

Capital BlueCross' private exchange is a tool that we are offering to both employer groups and employees as a way to control their health care spending. Employees will be offered expanded plan and pricing options with the ability to pick the benefit coverage that best meets their needs and budget. Capital BlueCross currently has two private exchanges; one for individual consumers and one for employer groups formerly known as *MyCoverage Selector*. Although these are two separate private exchange tools, we are working to create a single online entry point for both consumers and employer groups to access our private exchanges.

Staying true to our branding strategy, we will no longer be using separate names for our private exchanges; therefore, we are phasing out the name *MyCoverage Selector*. Going forward, we will refer to our private exchanges using descriptions (i.e., private exchange for employer groups) rather than using a specific name.

#### Details

##### Background – What is the private exchange?

The private exchange for groups is a way to preserve the group health plan. It still offers employer-sponsored group products, but gives more choices to employees with controlled cost share. The employer group selects the product or products from the list of options provided by CBC that they want to offer and sets their defined contribution amount. The employee enters the interactive tool and selects their dependents they want to cover along with their benefit options. The tool will help employees by asking a few questions to offer product recommendations that best meet the employee's needs and preferences. Within the tool employees can see the starting balance (this is the employer's contribution). The calculator shows the cost of all benefit selections and either a remaining balance or the employee's responsibility amount. If there are any leftover funds after an employee makes their benefit selections, the employer has three options to choose from to handle employees with leftover funds\*:

1. Unused funds go back to the employer. (To be used at the employer's discretion.)
2. Employees can cash out the funds.
3. Funds can be rolled over to next year's contribution.

\*Employer should consult their tax advisor on the use of leftover funds.

##### Small Groups (20-50)

Small groups in the 20-50 segment can use CBC's private exchange with PPACA-compliant products only. If a group is currently taking advantage of a Small Group transitional relief policy (i.e., "if you like it, you can keep it"), they will need to move to a PPACA compliant plan(s) which uses member-level rating. While the group would be invoiced the member-level rate, the private exchange shopping platform will show illustrative five-tier ("composite") rates to the employee when shopping. Therefore, the group will need to set their defined contribution based on the illustrative tier rates, and agree not to charge the employee if the member-level rate is more than the illustrative rate that will be displayed in the shopping tool.

*Example --* The illustrative single-tiered rate displayed on the shopping tool for the lowest-cost PPO plan is \$300. The group set a defined contribution of \$300 for single contracts. If a 62-year old single member signs up for that PPO plan, but the actual premium (when billed to the group at the member-level rate) is \$360, the group must absorb the \$60 difference. They cannot pass the difference back to the employee.

If a group in the 20-50 market expresses interest in CBC's private exchange, and they currently have a transitional (non-PPACA compliant) plan, be sure to consult the group by asking two key questions:

1. Do you want to stay with a transitional plan?
2. If moving to a PPACA plan, do you intend to charge your employees for the actual member-level rate?

If the answer to either question is "yes", then the private exchange is not the right fit for them. If both answers are "no", then the private exchange could be an available option.

## **Process Flow – How will the private exchange work?**

1. Producers will need to work with their Account Executive to obtain a quote.
2. Ancillary products such as Life and Short Term Disability are also available to groups on the private exchange starting with 12/1/2014 effective dates. Contact your Account Executive for quotes and plans available through CBI.
3. Group elects to use the private exchange, selects the products they want to offer to their employees and determines their defined contribution amount.
4. All necessary paperwork in the Underwriting section below is gathered from the group by the Producer/ Sales Executive/Account Executive at least 30 days prior to the group's effective date of coverage.
5. Sales Services will process the request then Account Administration loads the group's information in the tool.
6. Open enrollment begins and the employees log into the link provided to begin their shopping experience.
7. Open enrollment closes and an enrollment file for the medical, RX and if applicable dental and vision product is passed back to CBC to load the member and eligibility to Facets. Any non-facets ancillary products will be sent on a separate file to CBI.

The Private Exchange Implementation Guide outlines the process and timelines (*Attachment A*).

## **Timeline and Lead Times**

The CBC private exchange for groups is currently available for groups with 20+ enrolling. Groups that wish to use the private exchange need to have all complete and accurate paperwork submitted no later than 30 days prior to the group's effective date of coverage. An additional 5 days of lead time is requested for groups that want to contribute less than the 75% defined contribution (DC) amount of the lowest cost option and meet the 75% participation requirement.

## **Set-Up Form/Open Enrollment (OE) Load Requirements**

Set-up for groups must be completed using the [Private Exchange Web](#) form. This is a web only form and no paper copies will be accepted. The link is located on the employer page of the CBC website. Please be sure that all critical data elements identified on the set up form match the data provided on the group's eligibility file, Open Enrollment Load file (*Attachment B*). These critical data elements will drive key indicators such as the class, subgroup and contribution amounts for each eligible/enrolled employee. Consistent data values (including capitalization and use of abbreviations) between the web form and the Excel file provided by the group are essential to ensure accurate and timely set-up. Upfront emphasis on this importance with the account will help to eliminate lost time to correct data on the file. The OE Load file template should be provided to new groups only. The file should be returned to CBC by SecureMail since it will contain PHI.

## **Products & Rules**

As of 1/1/2015 all standard small group and mid market products will be available on the private exchange. Large groups (100+) will use the standard mid market products. All products available on the

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private exchange are PPACA compliant products (*Attachment C*). A group may offer any subset of our medical, dental and vision products, but only one Rx plan may be packaged with each medical product. A group may also offer certain life and STD products. Members can change their product selection throughout the year if they have a qualifying life event, but the group administrator will make the change in the tool.

## Underwriting Rules and Requirements

When requesting a quote through your CBC Sales Executive/Account Manager, the census should contain the employees that the group expects will elect coverage using the contract type expected for final enrollment. The private exchange census must contain at least 20 eligible employees. This guideline is no different than the normal rating practice. When the OE Load file is received by CBC, it must also contain at least 20 eligible employees. It is imperative that the group understands that the expected enrollment will be over 19.

A group must offer all of its eligible employees the ability to receive a monthly defined contribution. There is no customization available to the benefit designs; the group must take the standard products being offered. Any Grandfathered groups that elect to enroll through the private exchange will lose their Grandfathered status. The group's minimum monthly defined contribution can be one of two options, each containing a separate set of guidelines:

1. Contribution equal to at least **75%** of the single rate on the lowest **cost** medical and Rx **plan** offered to those employees.
  - a. There is no participation requirement that needs to be met by the group.
  - b. Approval letters will be sent to the group prior to the tool being available for open enrollment.
2. Contribution less than **75%** of the single rate on the lowest **cost** medical and Rx **plan** offered to the employees.
  - a. The group must meet 75% participation or be subject to rate adjustment.
  - b. Conditional Approval letters will be sent to the group prior to the tool being available for open enrollment.
  - c. The private exchange tool includes a process for the collection of waiver information; therefore, groups do not need to send completed Waiver of Group Health Insurance Coverage Form C-69 for employees who do not elect coverage. Employees that are waiving will need to login to the private exchange shopping tool to waive coverage. The 75% participation will be verified after the open enrollment process is completed.
    - i. If the group is approved at 75%, the enrollment will be released to be added to Facets and a Final Approval letter will be sent.
    - ii. If the group does not meet the 75%, the group will have the option of changing to **75%** contribution of the single rate on the lowest medical option. **If a small group does not make the change, they will be termed for not meeting participation requirements. Mid-market and Large groups can request adjusted rates for low participation.** In either event, all employees will need to reenter the shopping tool and make their selections again.

Additional rules are outlined below.

- Multi Coverage Credit is not available through the private exchange.
- No stand alone group dental or vision will be offered at the group level
- Enrollment for the Senior product, Medicare Advantage Plans, PDPs and Individual coverage is not available through the group private exchange at this time
- Every benefits eligible employee will need to log on to the private exchange and either enroll in coverage or waive coverage
- No minimum enrollment in any option

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- No submission of paper apps or waivers
- All other Underwriting Compliance Guidelines must be followed (see the most recent version of the Underwriting Compliance Guidelines).

## **Documents needed to enroll:**

In addition to the standard required documentation needed today, a group will also need to provide:

1. The [Private Exchange group set-up web form](#).
2. The Open Enrollment Load file, for new groups only (*Attachment B*)

## **Additional Information for enrollment:**

- For small group binder checks or e-checks, CBC will require the Medical and Rx premium on the lowest tier rate of the lowest cost product times the number of eligible members submitted on the census used to calculate the final rate.
- Under the Products section 3 of the Group Application, “See attached product listing” and reference to the signed rate sheet that has the elected products marked will be accepted for private exchange groups only.

## **Quoting**

Requests to quote the private exchange for groups should be coordinated through your Preferred Agent and CBC Sales Executive/Account Manager. Producers are not able to quote via the Sales360° portal. The Private Exchange catalogs allow for selection of PPACA compliant products, Private Exchange 20-50 and Private Exchange 51-99.

## **Resources**

Private Exchange for Group webinars are being held to provide producers the opportunity to learn more about the benefits, set-up process and marketing to clients. Look for the invitation from your preferred agent and register for one of these sessions:

- Tuesday, February 24 at 10am
- Thursday, February 26 at 2:30pm

## **Attachments**

- **Attachment A** – Private Exchange Implementation Process Guide
- **Attachment B** – Open Enrollment (OE) Load File
- **Attachment C** – Private Exchange Products

## **Questions**

Contact your Preferred Agency with any questions. Thank you.