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### Policy Memo

<b>KHPA POLICY NO: 2009-06-01</b>	<b>From: Jeanine Schieferecke, Senior Manager Medicaid/HealthWave Policy</b>
<b>Date: June 22, 2009</b>	<b>KEESM Reference: 2664.5</b>
<b>RE: Changes to the Working Healthy (WH) Premium Requirements</b>	<b>Program(s): Working Healthy (WH)</b>

The purpose of this memo is to provide guidance concerning the changes in the Working Healthy (WH) premium requirements. The policy changes are effective with any case action taken on or after July 1, 2009.

**Background** – Effective July 1, 2009, the Working Healthy (WH) premium billing vendor is changing from Kansas Assistive Technology Cooperative (KATCO) to Electronic Data Systems (EDS). To accommodate the transition and to enhance the effectiveness of the program, several changes have been made to the premium requirements.

One of the guiding principles behind the Working Healthy (WH) program is the promotion and encouragement of customer responsibility. Requiring recipients to be current on their premium obligation strongly supports that principal. It also makes it easier for an individual with an unpaid balance to re-enter the program.

**Premium Requirements** – A monthly premium shall continue to be charged for qualifying individuals whose income exceeds 100% of the federal poverty level. Payment of the premium also continues to be an eligibility requirement. Failure to meet this requirement shall result in the loss of coverage as outlined below.

1. **Delinquency** – Premium payments are due by the end of the month for which they are billed. Any payment that has not been paid on time is considered overdue and subject to the following conditions.
  - a. **Threshold** – Delinquency occurs once the individual has 2 months of overdue

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premiums. An individual who is delinquent with their premiums shall no longer be eligible for Working Healthy (WH) coverage. Coverage shall be terminated effective the end of the month the delinquency occurs (allowing for timely notice).

- b. **Non-Sufficient Funds Fee** – Non-sufficient fund bank fees will be charged to the individual and included as an overdue premium amount. These charges occur when an individual attempts to pay their premium(s) with a bad check. Previously, these fees were absorbed administratively by the program and not charged to the individual.
  - c. **Debt Set-Off** – Delinquent premium amounts shall continue to be referred to state debt set-off for collection 6 months after the delinquency occurs. There is a 17% collection fee for debt set-off services. Previously, these fees were absorbed administratively by the program but will now be charged to the individual and included as an overdue premium amount.
2. **Premium Requirement at Review** – A continuously open Working Healthy (WH) recipient remains eligible for coverage as long as the delinquency threshold has not been met. This means that an individual who is overdue less than 2 months of premiums shall remain eligible for coverage, including at the 6 month income review and at the regular 12 month review. Prior to this change, policy required the recipient to be current with their premium obligation only at the 6 month income review and at the regular 12 month review.
  3. **Reinstatement** – A closed case may be reinstated when the required action to cure the closure is taken by the recipient by the end of the month coverage ceases. Once a Working Healthy (WH) recipient has been notified of case closure, coverage may not be reinstated until the following conditions occur.
    - a. **Closure For Non-Payment** – A case that has been closed for non-payment of premiums may be reinstated if sufficient payment is received by the end of the month of closure so that the remaining overdue amount (if any) falls below the delinquency threshold. The customer must notify the eligibility worker that a payment has been made, which would then be verified via access to the premium billing system.
    - b. **Closure For Other Reasons** - A case that has been closed for reasons other than non-payment of premiums may be reinstated if the reason for the closure is cured by the end of the month of closure. Payment of overdue premium amounts would not be required for reinstatement, unless the overdue amount meets the 2 month delinquency threshold as described above.
  4. **Reopening** – A closed case may be reopened when the required action to cure the closure is taken after the month coverage ceases. Coverage for an individual under a Working Healthy (WH) case that has been closed for any reason may not be reopened after the effective date of closure unless the full amount of overdue premiums (including any non-sufficient funds or debt set-off fees) is paid in full. This applies even where the overdue amount is less than the 2 month delinquency threshold.
  5. **Repayment Agreements** – Individuals may no longer enter into a repayment agreement as a means to re-qualify for coverage. The terms of any outstanding repayment agreements

established prior to implementation of this new policy have been written to end effective June 30, 2009. No repayment agreements should be in effect on or after July 1, 2009.

**Premium Billing System** - As the premium billing vendor, Electronic Data Systems (EDS) is responsible for billing and collection of Working Healthy Premiums. EDS will send billing statements, handle all bank activity related to collection and provide customer service functions to support the system. EDS will not determine the amount of the premium – eligibility staff shall continue to be responsible for correctly establishing the premium amount and notification of the premium obligation via the KAECSES system. Eligibility staff shall also continue to follow the existing policy contained in KEESM 2664.5(5) concerning the adjustment of incorrect premium amounts.

EDS will identify cases that meet the delinquency threshold at the time of the event. The following services will be provided by EDS in order to assist eligibility staff in identifying cases which require action.

1. KAECSES Alerts – Once the individual meets the new delinquency threshold (i.e., 2 months of premiums), an alert will be generated and sent from EDS to KAECSES. The alert will be sent on the first of the month the delinquency occurs and state “WH premium is severely overdue”.
2. Premium Billing System – Eligibility staff shall have access to the new premium billing system. Once a delinquency alert has been received, the premium billing system should be accessed to confirm the delinquency. Once confirmed, Working Healthy (WH) coverage shall be terminated as soon as possible (allowing for timely notice) for failure to meet the premium requirement.
3. Premium Billing Address – The new premium billing system will allow the monthly premium statements to be mailed to either the program beneficiary, the beneficiary’s responsible person, or a third party designated by the beneficiary.
  - a. Beneficiary – The premium statements will be mailed to the beneficiary based on the address listed on the KAECSES ADDR screen – unless (b) or (c) below apply.
  - b. Responsible Person – If there is a responsible person listed on the KAECSES ADDR screen, the premium statement will default to this individual and be mailed to them – unless (c) below applies. The premium statement will not be mailed to the beneficiary where a responsible person exists. Nor will a duplicate statement be mailed to the beneficiary in these instances.
  - c. Third Party – The beneficiary may designate a third party to receive the premium statements by calling EDS Member Services with their name and mailing address. Neither the premium statement nor a duplicate statement will be mailed to the beneficiary in these instances.

**Reports** – Several management reports have been created for use by supervisory and/or eligibility staff to help manage individual caseloads and cases pertaining to the premium payment requirements. These reports will be available through the KHPA imaging system, ImageNow. The reports and a brief description of each follow. These are monthly reports and are available on the 5<sup>th</sup> of each month.

Working Healthy Delinquency Report – This report lists cases with an overdue premium amount that meets the delinquency threshold indicating that case action should be taken to terminate coverage. This report lists all of the cases that have also received a delinquency alert on the KAECSES system.

Working Healthy Invalid Premium Report – This report lists cases where the monthly premium obligation does not match any of the known amounts in the Working Healthy (WH) premium table indicating that this is likely an invalid obligation amount. There is no current edit in the KAECSES system to prevent the entry of an invalid Working Healthy (WH) premium amount on the MSID screen. Case action should be taken to verify the valid premium amount and to correct the case as needed.

Working Healthy Overdue Premium Report – This report lists cases which have been newly re-opened where an old unpaid premium amount is still outstanding indicating that the case may have been opened in error. These cases should be reviewed to determine if action needs to be taken to terminate coverage and/or establish an overpayment for receipt of incorrect benefits.

Working Healthy Monthly Premium Report – This report lists all individuals with a premium obligation for the month of the run. This would include on-going recipients and individuals newly approved for coverage (including retro-active months). This report may be used by the Working Healthy Benefit Specialists in order to track premium obligations on a monthly basis.

**Notices** – No additional KAECSES notices have been created or modified due to these specific policy changes. The existing Working Healthy (WH) notices should continue to be used.

These notices do not mention any untimely grace period for making premium payments. The existing notice language instructs the recipient that “You must pay the premiums on time to keep Working Healthy coverage.” Staff should continue conveying that message to recipients concerning their premium paying responsibilities, specifically emphasizing that any non-payment may potentially result in the disruption or termination of coverage.

**Transition** – The new premium payment guidelines rely on the KAECSES alert process to identify cases that require action due to non-payment of premiums. However, delinquency alerts will not be created under the new billing system until two premium billings have occurred. Since the first billing under the new vendor will not occur until July 2009, this means that the first delinquency alerts under the new rules will not appear until September 2009. The following transition rules apply for the months of July and August 2009:

1. Current Cases – The old premium payment rules shall continue to apply in certain instances for July and August 2009 depending upon the particular case action involved.
  - a. Reviews – Working Healthy (WH) cases up for review (i.e. the 6 month income review or the regular 12 month review) in the month of July or August 2009 shall be processed using the rules in existence prior to implementation of these new policies. This means that the premium payments must be current for eligibility to continue. If the premiums are not current, the case should be closed effective the end of the review period. The new premium payment system should be accessed to determine if any unpaid balance exists.

- b. Reinstatements – Working Healthy (WH) cases that are closed in July or August 2009 for reasons other than non-payment of premiums shall be reinstated based on the rules in existence prior to implementation of these new policies. This means that coverage may be reinstated if the reason for closure is cured by the end of the month of closure. Payment of any overdue premiums would not be required for reinstatement.
2. Reopenings – The new premium payment rules apply to cases that were closed in July or August 2009 which are to be reopened after the effective date of the closure. This means that the case may not be reopened unless the full amount of overdue premiums is paid in full. The new premium payment system should be accessed to determine if any unpaid balance exists.

**Transition Welcome Letters** – Transition Welcome Letters were sent to all current Working Healthy (WH) premium paying recipients on or about June 11, 2009 informing them of the premium billing vendor transition from Kansas Assistive Technology Cooperative (KATCO) to Electronic Data Systems (EDS). The letter includes important facts, addresses, phone numbers, and answers to important questions concerning the transition. A copy of the letter has been attached to this memo for reference.

**iCMMIS Modifications** – Two new windows have been created in the iCMMIS system to support the new premium billing system - Beneficiary Responsible Person Address and Beneficiary Premium.

1. Beneficiary Responsible Person Address – This window will display the responsible person address that is entered on the KAECSES ADDR screen. This address information will be sent to the iCMMIS system and then to the new premium billing system. As explained earlier, the premium statements will be mailed to this individual and address. Therefore, it is very important that this information is correct and that the beneficiary wants the statements to be sent to this individual.

The address information on this new window will be updated in the same manner as the beneficiary address information in iCMMIS. The address must be changed on the KAECSES ADDR screen and the last paid benefit month reauthorized in order to send the updated information to iCMMIS.

The new Beneficiary Responsible Person Address window in iCMMIS will display the current address information and will also store historical information indicating when a change occurred and what the address was on a specific date.

2. Beneficiary Premium – This window will display the premium information that was entered on KAECSES and sent to iCMMIS for a specific case. The data displayed on this window is the information that is sent to the premium billing system. The window will display the type of premium, the amount of the premium, the start and end date for the premium amount, and the premium status.

If you have questions about this memo, please contact Tim Schroeder at (785) 296-1144 or [Tim.Schroeder@khp.ks.gov](mailto:Tim.Schroeder@khp.ks.gov). Questions concerning the KAECSES system should be sent to [HelpDeskBusiness@srs.ks.gov](mailto:HelpDeskBusiness@srs.ks.gov).