



REQUEST FOR PROPOSAL

COBRA and Direct Billing Administrative Services

RESPONSE TO:

State of Alaska

Timothy Lieb | Senior Account Director

425-747-7154 | LiebT@aetna.com

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Introducing Aetna

The push toward consumerism creates the need to provide consumers with new tools that will help them navigate their increasing healthcare accountability: benefit education, spending account management, analytics, financial decision modeling and wellness engagement.

Aetna provides a set of unified tools that *engage* consumers in their healthcare, *educate* them about important health and wealth issues and *empower* them to achieve mental, physical and financial well being.

Powered by PayFlex, this modular product suite includes four **Solution Centers**.

Benefit Center

The Benefit Center offers **COBRA and Direct Billing** clients with access to their account records. Through the center they can view documents and make premium payments. In addition, employees can keep track of their benefit details with **Benefits at a Glance**, a place to consolidate benefits into one easy to find area. Employees can update information as it changes and have easy access to the information on the PayFlex Mobile application.

Wellness Center

Targeting engagement, education, prevention and lifestyle behavioral management, the PayFlex Wellness Center offers our Health and Productivity Management program, **PayFlex Wellness**, which is a place for your employees to manage their wellness with a comprehensive set of easy-to-use tools such as personalized trackers, interactive multimedia videos and health assessments as well as customized incentive programs and online health coaching.

Financial Center

PayFlex's Financial Center provides an integrated solution for **Reimbursement Account, COBRA** and **Direct Billing** administration. Powered by our proprietary CBAS platform, PayFlex supports all reimbursement account types, e.g., FSA, HRA, commuter, adoption, tuition, incentive accounts, and more. Further, our integrated, **next-generation HSA solution** supports a bank-agnostic model, providing clients with more choice than ever before in custodian and investment partners. One platform, one debit card and one web portal with powerful financial tools all designed to provide participants with the information they need to make informed healthcare financial decisions.

Consumer Center

The PayFlex Consumer Center provides participants with access to Aetna portal features through our powerful **PayFlex Mobile™ Application**. The application is supported on iPhone®, BlackBerry® and Android™ smartphones. Participants can access balances, view claims processed to date, submit claims and associated documentation, view their eligibility profile and more. The Consumer Center will also feature **PayFlex Mall**, an online healthcare mall where participants can make healthcare-related purchases using their spending account cards.

One platform, One debit card, One web portal, One Vendor . . . The PayFlex Solution can be deployed as value-added components with an existing health management system or as an integrated decision support system. PayFlex merges Care Planning, Financial Planning and Decision Support to optimize mental, physical and financial well being. *Aetna – it's yours!*

Aetna COBRA and Direct Billing Overview

The Benefit Center offers **COBRA and Direct Billing** clients with access to their account records. Through the center they can view documents and make premium payments. In addition, employees can keep track of their benefit details with **Benefits at a Glance**, a place to consolidate benefits into one easy to find area. Employees can update information as it changes and have easy access to the information on the PayFlex Mobile application.

COBRA Administration

If you would like to enhance the effectiveness of your HR operation and ensure COBRA compliance, our comprehensive service offering will help you achieve these goals. By selecting PayFlex as your COBRA administrator, you can be assured that your program will remain in compliance, thereby mitigating the financial risks associated with noncompliance.

Our strict compliance approach allows us to offer your Qualified Beneficiaries all of the rights to which they are entitled without leniency. All elections and premium payments must be received by PayFlex on or before the last day of the grace period in order to be considered timely. As a result of our diligence we reduce the burden of excess claims on your health plan.

Comprehensive COBRA Administration

PayFlex provides all services associated with COBRA administration including:

- Initial Notification
- Receipt of Qualifying Event Information
- Mailing Qualifying Event Notice
- HIPAA Certificate of Coverage
- Election of COBRA
- Premium Collection
- Premium Distribution
- Eligibility Update
- Disability Extension
- Conversion
- COBRA Termination
- Client Reports
- Carrier Notification

- Proof of Mailing
- Billing

Employer web portal

As a client, you will have access to a comprehensive and secure employer web portal. The portal offers a variety of services to make outsourcing COBRA Administration easier than ever. It includes the following capabilities:

- Data Entry – The web portal enables you to enter Initial Notice, Qualifying Event and HIPAA COC requests electronically. Our standard turnaround time for mailing notices that we receive online is 48 hours. You may also update COBRA participant demographic information online.
- Data Inquiry – The web portal also enables you to view Qualified Beneficiary, Initial Rights Notice and HIPAA COC history online. In addition, you can view participant-level information, including PDFs of all notices and letters sent to each participant.
- Report Inquiry – The portal’s reporting capabilities allows you to view, print and download COBRA administration reports and monthly invoices in Excel format.

Employer reporting

PayFlex reports are delivered to the Employer web portal. Three categories of reports are provided: **Remittance Reports**, **Periodic Reports**, and **Invoice Reports**. E-mail notification of report delivery is also sent to the client’s designated reporting contact(s).

An overview of PayFlex’s COBRA reporting package follows.

Remittance reports

- Employer Remittance Check – This is a pressure-sealed document mailed to the client receiving premium dollars. An electronic copy of this document will also be available on the Employer Portal.
- Employer Remittance Summary – This is a document posted to the Employer Portal for clients receiving premium dollars via ACH.

- Premium Remittance Register Report – The Premium Remittance Register Report is the supporting detail for all premiums being remitted to a specific Transfer Destination. Specific Coverage Information is detailed by Carrier, Plan Code, Coverage Level and Interval. If PayFlex is remitting premiums to multiple locations a Consolidated Premium Remittance Register Report is also created to consolidate all remittance activity for the collection cycle.
- ARRA Employer Report – This monthly report provides detailed information regarding ARRA-subsidized participants, including participant payment amount and Stimulus Amount for the client’s 941 filing.

Periodic reports

PayFlex provides a set of standard Periodic Reports. Clients identify the frequency of each report as part of the implementation process (daily, weekly, monthly, quarterly, and annually). The following Periodic Reports are available.

- Age Attainment Report – The Age Attainment Report lists all participants and/or dependents enrolled in a benefit and near client-specified ages, as identified for each benefit. The intent of this report is to identify participants or enrolled dependents nearing a certain age that requires action. Each Age Attainment Report covers a period of approximately twelve weeks. Specifically, the report includes any participants and/or dependents turning one of the identified ages 60 days prior to or one month after the report is created.
- Deficient Payment Report – The Deficient Payment Report identifies any payments made by participants during the reporting period that did not satisfy the entire Premium Amount Due for the interval.
- Participant Amount Billed Report – The Participant Amount Billed Report is intended for clients who send monthly statements as opposed to traditional payment coupons. The report includes all participants who have been billed for during the reporting period.
- Participant Paid Thru Report – The Participant Paid Thru Report details the Paid Thru Date for all participants.
- Participant Payments and Refunds Report – The Participant Payments and Refunds Report details all cash activity in and out of participant accounts.

- Plan and Rate Report – A member of the PayFlex Implementation Team or your Client Services Manager will generate this report for you to sign-off on rates entered into our benefits administration system.
- Employee Census Report – This reports provides detailed information regarding all participants, including demographic information, COBRA status, COBRA qualifying event type, enrolled date, last payment date, paid thru date, COBRA benefits, coverage levels, rates, payments, and more.
- Address Update Report – Participants will appear on the report if any of the following demographic fields were changed during the reporting period. Residential Address 1, Residential Address 2, Residential City, Residential State, Residential Country, Residential Province, Residential Zip Code, Residential Postal Code, Mailing Address 1, Mailing Address 2, Mailing City, Mailing Country, Mailing Province, Mailing Zip Code.
- COBRA Audit Report – This report provides detailed information for Participants in the following statuses for the reporting period:
 - New Add Pending Enrollment
 - Pending Enrollment
 - Enrolled
 - SSD
 - State Extension
 - Runout

Administration invoice reports

PayFlex invoices for services rendered in arrears. For example, December's invoice will be for November activity. Invoices are calculated on the 1st of the month and made available on the Employer Portal around the 5th of the month. The invoice, along with any relevant supporting detail, will be available for download under the Invoices tab on the Employer web portal.

- Invoice – The Invoice is a line item listing of the Administration Fees being charged by PayFlex.
- Active Participant Invoice Detail Report – This report is the supporting detail for the Per Participant Rate on the Invoice.

- Initial Notice Billing Detail – This report is the supporting detail for the Per Initial Notice Rate on the Invoice.
- Qualifying Event Billing Detail – This report is the supporting detail for the Per Qualifying Event Rate on the Invoice.

PayFlex's On-Demand Reports capability enables clients to request specific reports across client-defined intervals. Requested reports are then delivered to the employer portal. The following reports are supported through the On-Demand Reports option:

- Participant Amount Billed Report
- Participant Paid Through Report
- Participant Payments and Refunds Report

Submitting data to PayFlex

COBRA qualifying events, initial notice requests and HIPAA certificate requests can be entered online through the employer portal, or submitted via our published file format. For clients who wish to transmit data to PayFlex, we require file transmission via SFTP. The following formats are accepted: ASCII, Comma Separated Values (.CSV) (readable by Microsoft Excel).

PayFlex COBRA administration processes

PayFlex's COBRA administration processes are described in the paragraphs that follow.

Initial rights notices

Regulations require that written notice of the rights provided under COBRA must be provided to each newly covered employee and spouse of the employee (if any).

PayFlex COBRA Procedures	Benefits
PayFlex receives notification of group coverage for an employee and/or dependents from the employer and processes this information.	Eliminates liability due to a “Blind Event” occurring to an employee and/or dependents covered under a group plan.
System generates a Department of Labor letter which is mailed to the participant with “proof of mailing”.	Provides proof that the Initial Notice was mailed.
New Hire Initial Notice requests can be down loaded into the system.	Ensures accuracy.

Qualifying event notices

The Qualifying Event Notice contains clarification that each qualified beneficiary has the right to elect COBRA. The Notice also identifies the types of coverage offered, the monthly premium amount for each option, the date by which premiums are due and the maximum period that coverage will be available. The Notice also lists the reasons that coverage will terminate prior to the expiration of the maximum time period.

PayFlex COBRA Procedures	Benefits
The client submits a Qualifying Event to PayFlex via Web portal or file transmission.	Provides flexibility in data delivery
System generates a Qualifying Event Notice which is mailed to the participant with “proof of mailing”.	Provides proof that the Qualifying Event was generated and mailed.
All documentation is maintained electronically.	Provides proof that the Initial Notice included the information necessary to elect COBRA.
Mail returned for incorrect address is communicated to the employer for verification. If no other address is available this is noted in the system and the returned mail is kept on file.	Provides proof that Qualifying Event Notice was mailed in the case of an IRS audit or lawsuit and provides proof of Good Faith Compliance.
Maintain a 48-hour turnaround time.	Minimizes the amount of time during which a COBRA election may be made.

HIPAA Certificates of Creditable Coverage

Individuals who were covered under a group health plan are entitled to receive a written certification of the duration of their group health plan coverage. This is provided at the time COBRA continuation coverage is first offered and again at the time COBRA coverage ends. The written certification requirement facilitates the individual's ability to get credit for prior coverage under otherwise-applicable preexisting condition exclusion.

PayFlex COBRA Procedures	Benefits
Notification of loss of coverage is provided by the employer, except in the case of COBRA coverage termination.	Ensures compliance with HIPAA regulations.
The system automatically issue Certificates of Coverage with Qualifying Event Notice and Termination Notices.	Automation reduces the opportunity for error.
A copy of the certificate is kept on file.	Provides proof that HIPAA Certificate was mailed.
Clients may also request a HIPAA Certificate at any time via the employer web portal or through a file.	Provides additional flexibility in HIPAA Certificate production and mailing.

Election of COBRA

The Qualified Beneficiary has 60 days to elect COBRA from the later of: the date of the notice, or their loss of coverage date.

PayFlex COBRA Procedures	Benefits
Election Notices can be downloaded into the system.	Reduces the opportunity for error.
PayFlex thoroughly examines Election Notice to ensure that elections/waiver forms have been properly completed.	Ensures that only complete and accurate applications are processed.
Postmarked envelope is retained in file with election form.	Provides proof of the timeliness of the election form.
Date of postmark is entered into the system, which automatically generates an Eligibility Confirmation and Premium Coupons. Eligibility Confirmation and Premium Coupons are sent proof of mailing within a 48-hour turnaround time.	Enables PayFlex to accurately respond to inquiries from Qualified Beneficiaries regarding their enrollment.

Premium collections

The Qualified Beneficiary has 45 days from the election date to make the first premium payment. Subsequent payments are due the first day of each month with a 30-day grace period.

PayFlex COBRA Procedures	Benefits
Postmarked envelope is retained with the check.	Provide proof of timely and untimely payments.
The check amount, check number and month of premium payment are posted in the system.	Enables PayFlex to accurately respond to inquiries from Qualified Beneficiaries regarding their payments.
If premium payment is less than the amount required, following the insufficient rule guidelines, a letter is automatically generated requesting the difference before the 30-day grace period ends.	Automation increases accuracy and efficiency.
The system will not accept payment after the 30-Day grace period has expired.	Ensures that only timely payments are applied.

Premium distributions

Premium checks are posted in the system and then processed by the COBRA accounting staff.

PayFlex COBRA Procedures	Benefits
Premium checks are received into a secure environment, verified, deposited and balanced daily.	Ensures security and accuracy of payment handling.
Total monthly premiums per client are verified.	Rigorous internal controls reduce the opportunity for error, thereby ensuring the accuracy of COBRA premium payments.
Monthly premium receipts are paid to appropriate clients or their designated carriers on or about the 15 th of the next month.	Ensures that premiums are received in a timely manner.

Disability extension

If a Qualified beneficiary qualifies for Social Security disability within 60 days of a qualifying event, that individual and/or their dependents may be eligible for an 11-month extension of COBRA benefits.

PayFlex COBRA Procedures	Benefits
Qualified Beneficiary must provide proof of the disability by submitting a copy of the letter from the Social Security Administration.	Ensures that only qualified extensions are provided.
The system is set for a disability extension and automatically generates a notice of the 11 month extension.	Automation reduces the opportunity for error.
Before the end of the 18 months, the system generates a Disability Premium Rate Notice reflecting up to 150% of the applicable premium.	Automation ensures that the participant is informed of the rate increase from the 19th to the 29th month.

Conversion

COBRA law requires that if an employer provides conversion of benefits to an individual policy to any employee upon loss of coverage, they must notify the Qualified Beneficiary of the right to convert. The notice must be sent during the last 180 days of the COBRA coverage period.

PayFlex COBRA Procedures	Benefits
If a conversion option is available, the system is set to automatically generate an Insurance Conversion letter to the Qualified Beneficiary.	Automation ensures compliance with this communication requirement.

COBRA termination

Termination of COBRA coverage occurs when the Qualified Beneficiary fails to make timely payments, becomes covered by another group health plan, becomes entitled to Medicare, ceases to be disabled according to Social Security or reaches the end of the maximum time allowed under COBRA.

PayFlex COBRA Procedures	Benefits
Monthly premium coupons include a question regarding alternative insurance coverage.	Provides a means for identifying Qualified Beneficiaries whose coverage should be terminated on this basis.
The system automatically generates a termination letter explaining the reason for termination and the last day the Qualified Beneficiary(s) was covered. A HIPAA Certificate of Coverage is also sent at this time.	Automation ensures that these required notices are generated.
A copy of the Notice is kept on file.	Reduces the opportunity for dispute.

Carrier notification

Eligibility updates to carriers are automatically provided. This may be accomplished through a file interface or faxes. The notification identifies Qualified Beneficiaries, the plan description, coverage start date and premium paid through date.

PayFlex COBRA Procedures	Benefits
PayFlex generate a list of new enrollees and forwards eligibility information to the impacted carriers.	Reduces the opportunity for inadvertent claims coverage denials.
On a weekly basis, a paid through report is provided to all carriers to verify continued coverage and correct claim payments.	Reduces the opportunity for inadvertent claims coverage denials.
When COBRA coverage terminates PayFlex also sends updated information to all impacted carriers.	Prevents claims from being inadvertently paid after COBRA termination.
Communication can be via file for large volumes.	Automation increases efficiency.

Proof of Mailing – Qualifying Event Notices and Initial Notices

The Department of Labor states that the plan administrator will be considered to have made a good faith effort to comply if the notices are sent to all Qualified Beneficiaries by first-class mail to the last known address. Unfortunately, no documentation exists to prove that the notices were mailed. According to COBRA Regulations, the plan administrator does not have to guarantee that an individual actually receives the notices. It only has to show that the administrator used reasonable procedures to send the notice.

PayFlex COBRA Procedures	Benefits
PayFlex maintains a mailing book for accountability.	Provides adequate documentation of each mailed item.
The name and address of Qualified Beneficiaries along with postage amount is documented in the mailing book.	Ensures that each piece of mail can be identified.
The mail and the “mailing” book are delivered to the Post Office and signed off by the Postmaster.	Provides adequate documentation of each mailed item.

Client billing

By the 15th of each month, PayFlex will provide a bill for all administration from the prior month. Reports detailing the prior month’s activity will also be provided for your records.

PayFlex COBRA Procedures	Benefits
PayFlex calculates billing and provides reports to client.	Provides detailed documentation of administration fees.
Calculated fees are automatically withheld from COBRA premiums remitted to the client.	Ensures an efficient billing and remittance process.

ConnectedHealth partnership

PayFlex has partnered with ConnectedHealth to offer a private insurance exchange through which employees with COBRA qualifying events can shop for individual insurance plans offered by leading national carriers. With COBRA claims often much higher than claims for active employees, an employer can typically save over \$3,000 for each employee who chooses to seek coverage on their own. For a population of 10,000 employees, with typical turnover and COBRA participation rates, that can add up to more than \$500,000 in savings per year. Chances are the employee will save a lot of money too. It's not uncommon for a departing employee to be able to save \$150 or more a month on insurance premiums by choosing an individual plan.

The ConnectedHealth platform offers a proprietary recommendation engine that is setting a new standard for helping consumers make smart choices about their health related dollars.

- Personalized recommendations for health insurance
- Dynamic knowledgebase and interactive content and resources
- Graphics for easy plan comparisons
- Customer support throughout the purchase process

When PayFlex sends out either a Qualifying Event Notice or a Notice of COBRA Termination, PayFlex can also send a flyer highlighting the importance of having health insurance and letting the participant know that he/she has many options when it comes to selecting insurance. The flyer directs the participant to the Aetna web portal, where a link to the ConnectedHealth site can be provided. When the participant clicks on the link, he/she is taken to the ConnectedHealth site to begin the process of reviewing and comparing available plans. When the participant selects a plan, he/she can link directly to that carrier to apply online.

Supporting the American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA). Within the ARRA is the Health Insurance Assistance for the Unemployed Act of 2009. The Act provides government-funded COBRA premium assistance in the form of a subsidy equal to 65% of the COBRA premium to “Assistance Eligible Individuals” (AEIs). On December 19, 2009, ARRA coverage was extended for new AEIs and amended for existing participants whose coverage lapsed at the original 9th month rule to February 28, 2010. Under this law, significant changes to the administration of COBRA were required, and PayFlex made the requisite changes to ensure compliance with the new regulations. This included:

- Configuring our files and online platform to support the identification of AEIs as part of the Qualifying Event Reporting process
- Configuring our platform to support the 65% subsidy for AEIs
- Preparing the necessary ARRA-related participant notices
- Modifying the software to correctly extend the payments for participants who had paid ahead their full premiums and who were now eligible for the reduced 35% premium
- Identifying AEIs within our current business in order to manage their COBRA benefit in conjunction with the requirements of ARRA
- Developing monthly tax reporting regarding AEIs and subsidies that clients can use as part of their payroll tax credit reporting process

In addition, client and participant communication were key due to the complex nature of the new regulation. PayFlex took a proactive approach to education, including:

- Leveraging our Constant Contact e-mail channel
- Hosted over 100 Webinars for clients, consultants and prospects with over 1250 attendees
- Established a secure ARRA specific website for clients to provide AEI information and view updates

- Engaged **Groom Law Group**, a prominent Washington DC DOL and IRS Law firm, to review our ARRA notices and to continue to assist our clients with all aspects of Healthcare Reform

In the initial onset of ARRA, PayFlex completed 100% of the ARRA mailing on time by April 18th. Approximately 105,000 individuals were eligible and were sent the required mailings. For the support of the second change in the rules on December 19th, PayFlex completed all of the necessary system changes and sent out the required secondary notifications (31,000) by the end of January, 2010, 20 days before the DOL mandated deadline.

Direct Billing Administration

PayFlex offers you flexibility through a wide variety of Direct Billing services, such as:

- Monthly premium collection from Direct Billing participants
- Auto-deduction option for monthly participant premium
- Call Center with toll-free number
- Flexible Direct Bill administration options
- Carrier liaison services
- Open enrollment services

Flexible payment options

Participants have the option of paying their premiums by check or by ACH. Automating payments through ACH processing provides added convenience for your Direct Billing participants.

Employer reporting

PayFlex reports are delivered to the Employer web portal. Three categories of reports are provided: **Remittance Reports**, **Periodic Reports**, and **Invoice Reports**. E-mail notification of report delivery is also sent to the client's designated reporting contact(s).

An overview of PayFlex's Direct Billing reporting package follows.

Remittance reports

- Employer Remittance Check – This is a pressure-sealed document mailed to the client receiving premium dollars. An electronic copy of this document will also be available on the Employer Portal.
- Employer Remittance Summary – This is a document posted to the Employer Portal for clients receiving premium dollars via ACH.
- Premium Remittance Register Report – The Premium Remittance Register Report is the supporting detail for all premiums being remitted to a specific Transfer Destination. Specific Coverage Information is detailed by Carrier, Plan Code, Coverage Level and Interval. If PayFlex is remitting premiums to multiple locations a Consolidated Premium Remittance Register Report is also created to consolidate all remittance activity for the collection cycle.

Periodic reports

PayFlex provides a set of standard Periodic Reports. Clients identify the frequency of each report as part of the implementation process (daily, weekly, monthly, quarterly, and annually). The following Periodic Reports are available.

- Age Attainment Report – The Age Attainment Report lists all participants and/or dependents enrolled in a benefit and near client-specified ages, as identified for each benefit. The intent of this report is to identify participants or enrolled dependents nearing a certain age that requires action. Each Age Attainment Report covers a period of approximately five weeks. Specifically, the report includes any participants and/or dependents turning one of the identified ages 60 days prior to or one month after the report is created.
- Deficient Payment Report – The Deficient Payment Report identifies any payments made by participants during the reporting period that did not satisfy the entire Premium Amount Due for the interval.
- Participant Amount Billed Report – The Participant Amount Billed Report is intended for clients who send monthly statements as opposed to traditional payment coupons. The report includes all participants who have been billed for during the reporting period.

- Participant Paid Thru Report – The Participant Paid Thru Report details the Paid Thru Date for all participants.
- Participant Payments and Refunds Report – The Participant Payments and Refunds Report details all cash activity in and out of participant accounts.
- Plan and Rate Report – A member of the PayFlex Implementation Team or your Client Services Manager will generate this report for you to sign-off on rates entered into our benefits administration system.
- Employee Census Report – This reports provides detailed information regarding all participants, including demographic information, COBRA status, COBRA qualifying event type, enrolled date, last payment date, paid thru date, COBRA benefits, coverage levels, rates, payments, and more.

Administration invoice reports

PayFlex invoices for services rendered in arrears. For example, December's invoice will be for November activity. Invoices are calculated and made available on the Employer Portal around the 10th of the month. The invoice, along with any relevant supporting detail, will be available for download under the Invoices tab on the Employer web portal.

- Invoice – The Invoice is a line item listing of the Administration Fees being charged by PayFlex.
- Active Participant Invoice Detail Report – This report is the supporting detail for the Per Participant Rate on the Invoice.
- Document Detail Billing Report – This report is the supporting detail for the Per Document Type Rate on the Invoice.

PayFlex's On-Demand Reports capability enables clients to request specific reports across client-defined intervals. Requested reports are then delivered to the employer portal. The following reports are supported through the On-Demand Reports option:

- Participant Amount Billed Report
- Participant Paid Through Report
- Participant Payments and Refunds Report

Submitting Data to PayFlex

Direct Billing participant information can be entered online through the employer portal, or submitted via our published file format. For clients who wish to transmit data to PayFlex, we require file transmission via SFTP. The following formats are accepted: ASCII, Comma Separated Values (.CSV) (readable by Microsoft Excel).

PayFlex Direct Billing Administration processes

PayFlex's Direct Billing administration processes are described in the paragraphs that follow.

Processing new participant information

Clients submit new Direct Billing participant information to PayFlex via a file/spreadsheet.

PayFlex Procedures	Benefits
PayFlex receives new participant information from the employer and verifies completeness of information required to set up the participant in the system.	Ensures that notices are sent with correct information and reduces the chance of delay because of missing information.
Welcome letter is sent to the participant. Based on the client's preference, this may include a required Election Form, and/or monthly coupons and accompanying payment instructions.	Increased flexibility in managing the Direct Billing process.
Copies of welcome letters are maintained electronically.	Enables PayFlex to effectively respond to participant and employer questions.
Mail returned for incorrect address is communicated to the employer for verification.	Provides proof of mailing should questions arise.
Maintain a 48-hour turnaround time.	Ensures that communication with your employees is made in a timely manner.

Optional direct billing election notices

At the client's request, PayFlex can send an election notice with the welcome letter. Participants are asked to return the notice to establish Direct Billing administration. A client-defined time frame for elections ensures that your specific billing processes are followed.

PayFlex Procedures	Benefits
Election Notices can be downloaded into the system.	Reduces the opportunity for error.
PayFlex thoroughly examines Election Notice to ensure that elections/waiver forms have been properly completed.	Ensures that only complete and accurate applications are processed.
Postmarked envelope is retained in file with election form.	Provides proof of the timeliness of the election form.
Date of postmark is entered into the system, which automatically generates an Eligibility Confirmation and Premium Coupons. Eligibility Confirmation and Premium Coupons are sent within a 48-hour turnaround time.	Enables PayFlex to accurately respond to inquiries from participants regarding their enrollment.

Premium collections

Participants have a client-defined time period from the election date to make the first premium payment. Subsequent payments are due the first day of each month with a client-defined grace period. These client-defined deadlines are programmed into our platform to automate Direct Billing administration.

PayFlex Procedures	Benefits
Postmarked envelope is retained with the check.	Provide proof of timely and untimely payments.
If premium payment is less than the amount required, following the insufficient rule guidelines, a letter is automatically generated requesting the difference before the grace period ends.	Automation increases accuracy and efficiency.
Optionally, the system can be programmed to reject payments after the grace period has expired.	Ensures that only timely payments are applied.

Premium distributions

Premium checks are posted in the system and then processed by PayFlex accounting staff.

PayFlex Procedures	Benefits
Premium checks are received into a secure environment, verified, deposited and balanced daily.	Ensures security and accuracy of payment handling.
Total monthly premiums per client are verified.	Rigorous internal controls reduce the opportunity for error, thereby ensuring the accuracy of premium payments.
Monthly premium receipts are paid to clients or their designated carriers by the 15 th of the next month.	Ensures that premiums are received in a timely manner.

Optional direct billing termination

At the client's request, the Direct Billing platform can be configured to terminate coverage occurs when the participant fails to make timely payments.

PayFlex Procedures	Benefits
The system automatically generates a termination letter explaining the reason for termination and the last day the participant was covered.	Automation ensures that these required notices are generated.
A copy of the Notice is kept on file.	Reduces the opportunity for dispute.

Optional carrier notification

Most clients elect to have notification sent directly to them, as they continue direct communication with their carriers. However, at your request, the Direct Billing platform can be configured to automatically generate eligibility updates and termination notices to your specified carriers.

PayFlex Procedures	Benefits
On a weekly basis, a paid through report is provided to all carriers (if required) to verify continued coverage and correct claim payments.	Reduces the opportunity for inadvertent claims coverage denials.
When coverage terminates PayFlex also sends updated information to all impacted carriers.	Prevents claims from being inadvertently paid after termination.
Communication can be via file for large volumes.	Automation increases efficiency.

Client billing

On or about the 15th of each month, PayFlex will provide a bill for all administration from the prior month. Reports detailing the prior month's activity will also be provided for your records.

PayFlex Procedures	Benefits
PayFlex calculates billing and provides reports to client.	Provides detailed documentation of administration fees.
Calculated fees are automatically withheld for premiums remitted to the client.	Ensures an efficient billing and remittance process.

PayFlex service model

PayFlex's account management philosophy is to work together with clients in partnership to create a stellar client and participant experience. We stress open communication and going the extra mile to ensure that client and participant needs are met. To that end, you will be assigned a specific Client Services Manager (CSM) who will act as your operational point of contact into PayFlex for your reimbursement administration. Your CSM will be responsible for the daily, operational aspects of your program and will facilitate your implementation activities. For COBRA and Direct Billing administration, a separate Implementation Manager will be assigned.

Your CSM will also be tasked with marshaling resources throughout the PayFlex organization to meet your ongoing strategic business requirements. As necessary, other team members will be available to assist your CSM. This includes IT resources, file transmission experts and operational management team members. Your assigned CSM will bring in the appropriate resources as needed to ensure a successful client relationship.

CSMs are organized into teams. Your assigned CSM's team will consist of 2 or more CSMs who report to a Director. Directors report to our Client Service organizational leaders. This structure facilitates team work, ensures adequate back up and provides a logical escalation path that ends with our General Manager.

COBRA pricing proposal

COBRA Administration Services Fees Per Eligible Employees Per Month Pricing

Implementation and Annual Fees

Implementation Fee	\$ 2,000.00
Annual Fee	\$ 1,000.00
Monthly Fee Per COBRA – Eligible Employee Pricing Based on COBRA Eligible Population	\$ 0.45
Services Included in Fees New Hire COBRA/HIPAA General Rights Notice Qualifying Event Notification w/HIPAA COC HIPAA Certificate of Creditable Coverage COBRA Participant Termination Notice w/HIPAA COC	
Minimum Monthly Billing	\$ 250.00 per month
Optional Service Fees Re-notification of COBRA General Rights and HIPAA Special Enrollment Rights to current benefit-eligible employees	\$ 3.00 per notice
Annual Open Enrollment Services (Available after PayFlex has been providing administration for a minimum of 90 days.)	\$ 15.00 per package plus postage (\$300 minimum plus postage)
Optional Government Mandated Notice	\$ 10.00 per notice
Late Payment Notice	\$ 3.00 per notice
Premium Disbursement to Carriers	\$ 50.00 per carrier per month

By the 15th working day of each month, we will provide a bill for all administration from the prior month. Reports detailing the prior month's activity will also be provided for your records. PFS shall retain the 2% administrative fee on the total premium administered for COBRA participants.

Note: The above fees are based on combined total population (6,670 Actives & 36,532 Retirees) of approximately 43,202 benefit covered employees with approximately 8% annual turnover. Should there be a variance in turnover exceeding +/- 5%; the fees outlined above are subject to negotiation.

Direct Billing pricing proposal

Implementation and Annual Fees

Implementation Fee	\$2,000
Annual Fee	\$1,000

Monthly Administration Fees

\$4.50 per active participant

Minimum Monthly Billing

\$250 per month per group

Optional Service Fees

Annual Open Enrollment Services
(*Per package with a \$300 minimum + postage,
available after Aetna has been providing administration
for a minimum of 90 days.)

\$15 per package + postage*

Premium Disbursement to Carriers

\$50.00 per carrier per month

Custom Reporting

\$150 per hour - \$2,500 Minimum