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| <p>Office of Employee Benefits</p> <p>Administrative Manual</p>  | <p>PREMIUM BILLING & REMITTANCE</p> | <p>701</p> |
| | <p>EFFECTIVE DATE: SEPTEMBER 1, 2005</p> | |
| | <p>REVISION DATE: NOVEMBER 1, 2015</p> | |
| | <p>PURPOSE: Ensure that premium billing agrees with reported eligibility of subscribers</p> | |
| | <p>Scope: Institutions of UT System and the Office of Employee Benefits (OEB) at System Administration</p> | |

1.0 BACKGROUND

Eligibility data is provided by each of the System’s institutions for their respective subscribers comprised of employees, retired employees, and dependents. This eligibility data is received routinely by the OEB Information Systems (I/S) area for analysis and interpretation prior to allowing an update to the OEB maintained database called SGELIG.

SGELIG then serves as the single source from which OEB extracts data for the following purposes:

- Communication of eligibility data to vendors;
- Support for premium billing to the institutions; and
- Verification of eligibility by subscriber/dependent for resolution of discrepancies.

2.0 PREMIUM BILLING

A “snapshot” of eligibility data is taken in preparation for the premium billing cycle which begins on the first Sunday of each month. This snapshot essentially reads every eligibility record for every subscriber to appropriately determine what single coverage level exists for each coverage period. Coverage periods are monthly for purposes of premium billing.

Once the appropriate coverage and level is determined, the Premium Billing Application then creates all necessary premium billing records to generate a “Current Premium Billing Dataset” and an “Unresolved Premium Billing Dataset” for each institution. The criteria for each dataset will be discussed later in this policy. Please note: Benefits IDs (BIDs) are the only IDs included in the billing datasets. BIDs may be used to cross-reference your local records for other relevant IDs.

Definitions:

Current Coverage Period equals the coverage period just concluded.

Current Premium Billing equals billing for the current coverage period plus two immediately prior coverage periods.

Unresolved Premium Billing equals billing for any coverage periods not represented on the Current Premium Bill (i.e. billing for coverage periods prior to the three coverage periods included on the Current Premium Bill).

3.0 INSTITUTION RESPONSE TO BILLING DATASETS

Upon receipt of the Premium Billing Datasets, each institution is responsible for reconciling the eligibility-driven billing entries with their internal eligibility database and premium remittance system. Premiums for System subscribers are derived from multiple sources which include 1) State Premium Sharing, 2) Employee contributions via payroll deduction, and 3) Direct premium payment as in the case of retired employees with dependent coverage or coverages that are not covered by State Premium Sharing. Institution supported programming combines the sources of premium payment in the development of a Premium Remittance Dataset.

OEB has provided institutions with a system of codes which can be used to qualify the remittance of premiums for subscribers. OEB encourages institution to respond to each premium billing record with either payment or a dispute which indicates the follow-up action needed.

These codes are described on the OEB IFIS webpage at the following address:

<https://utdirect.utexas.edu/sgwww/sgwwdl.wb>.

4.0 RECONCILIATION TO ELIGIBILITY

The institution staff is responsible for researching and resolving any disputed premiums billed to them. Corrective action usually involves a correction to the eligibility data previously sent to OEB. Given that the corrective action is taken on a timely basis, the premium billing system is designed to automatically adjust for current plus two coverage periods, retroactively.

The feature above is a very powerful tool which allows System to focus exclusively on eligibility reporting during the “retroactive adjustment window.” Once outside that window, however, the effort needed involves a manual correction to both SGELIG and Institution Premium Billing for a subscriber.

In the first proactive measure, OEB provides each institution with an Eligibility Error Report following each load. Given that the institution acknowledges the errors reported and takes corrective measures, the reconciliation effort is minimized.

The second proactive measure to resolve issues is the creation of the “Premium Payment Exceptions Report” which details any discrepancy between what has been billed and what has been remitted on

a subscriber by subscriber basis for each institution. This report is available on the web via IFIS on the Monday following the close of the premium billing cycle. Most discrepancies can be resolved by ensuring that SGELIG mirrors the same eligibility data used by the institution in administering benefits.

The third proactive measure to resolve premium billing/eligibility issues involves the “Unresolved Premium Report” provided to the institution’s Chief Business Officer detailing the unresolved premiums which fall outside the current bill (current period plus two prior coverage periods). This report serves as a notification of past due premiums which will be offset against Plan provided Employee Assistance Program funding in the next accounting cycle of premium remittance.

The objective of this process and the oversight of OEB is to ensure the right coverage is provided to our subscribers for each coverage period. A secondary objective is to ensure premiums are paid on a timely basis, which is defined as within 120 days of the end of the coverage period in question.