SBE-FP User Fee Collection Process – Technical Guidance for States

Background

While a State-based Exchange on the Federal Platform (SBE-FP) is responsible for activities such as certifying qualified health plans (QHPs), providing oversight of issuers, managing assister programs, and providing stakeholder outreach and education, the SBE-FP relies on the Federally-facilitated Exchange's (FFE) information technology systems, FFE consumer call center, and FFE eligibility and enrollment services (the federal platform).

Accordingly, under 45 CFR §156.50(c)(2), CMS charges all issuers offering QHPs through SBE-FPs a Federal Platform User Fee (user fee) for the portion of Federal Platform services and benefits provided to the issuer, and is based upon effectuated enrollments at the issuer payee level. While the proposed SBE-FP user fee rate for the 2018 benefit year was calculated to be 3.0 percent, this fee was reduced to 2.0 percent[1], where the reduced user fee is intended to assist SBE-FPs as they transition between Exchange models. The user fee is established for each benefit year, and is subject to change for benefit years beyond 2018.

CMS can either collect user fees from the SBE-FP upon request by the state (see Section B: Option One below), or directly from SBE-FP Issuer Payees (see Section B: Option Two below). Notably, CMS recognizes the benefits of SBE-FPs operating their own plan management and customer support functions, and so it does not intend to limit the SBE-FPs' ability to generate additional revenue to support such functions. To further support and ease administrative burdens on SBE-FPs, per the 2017 Notice of Benefit and Payment Parameters[2], CMS has provided SBE-FPs the opportunity for CMS to collect an additional charge on behalf of the SBE-FP to support SBE-FP functions. This opportunity is discussed further in Option Two.

Option One requires that the SBE-FP and each of the SBE-FP issuer payees proceed through the payment set-up process (see Section C below) in order to receive or submit user fee payments, or receive informational notices. Option Two requires that only the SBE-FP issuer payees proceed through the payment set-up process.

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[1] The annual user fee rate is established in the Notice of Benefit and Payment Parameters for each applicable plan year. The 2018 plan year user fee was established in the final Notice for Benefit and Payment Parameters for 2018. Utilize the following link to read the complete 2017 Notice of Benefit and Payment Parameters, where the user fee was established: https://www.gpo.gov/fdsys/pkg/FR-2016-12-22/pdf/2016-30433.pdf.

[2] Utilize the following link to see the complete 2017 Notice of Benefit and Payment Parameters: https://www.gpo.gov/fdsys/pkg/FR-2016-03-08/pdf/2016-04439.pdf.

User Fee Collection Process

Option One: Collection of User Fees from SBE-FP

Upon a SBE-FP's request received on or before October 1, 2017, CMS can collect user fees for the 2018 benefit year from the SBE-FP instead of collecting directly from the SBE-FP issuer payees. In such a case, CMS will invoice the SBE-FP an amount equal to the total user fee that would have otherwise been collected directly from all of the SBE-FP issuer payees on a monthly basis.

Payment Cycle Overview

The high-level monthly timeline for the SBE-FP user fee payment cycle is below, where payment months follow calendar months:

1. 10-15th of Payment Month: Preliminary Payment Reports (PPR) sent to SBE-FP.
2. 10-15th of Payment Month: The SBE-FP receives mailed invoice for the payment month if there are net charges due to CMS. If an SBE-FP receives an invoice, it will not receive a payment for this month.
3. 19-21st of Payment Month: The SBE-FP receives payment via Electronic Fund Transfer (EFT) if a payment is due to the SBE-FP. If payment is due, the SBE-FP would not have received an invoice.
4. By end of Payment Month: The SBE-FP receives HIX 820 file.
5. By end of Payment Month: SBE-FP issuer payees receive an informational PPR via EFT, with policy level details for user fee billing that has been invoiced to the SBE-FP.

Payment Cycle Detail

The FFE utilizes the SBE-FP issuers' effectuated enrollment data, at the payee level, based on the monthly premium and effectuated enrollment data as of the end of the current month to calculate the issuers' advance premium tax credit (APTC) payment, cost-sharing reduction (CSR) payment, and user fee charge. Additionally, for issuers in such SBE-FP states, CMS will apply any contraceptive user fee adjustment credit to the SBE-FP user fee charge assessed on the State. The State will then be responsible for providing the credit to the issuers when indirectly assessing the Federal portion of the user fee to the issuers. This process allows CMS to calculate a net monthly payment or invoice for the SBE-FP at the issuer payee level, such that SBE-FPs' with a net negative balance will receive a mailed invoice between the 10th and the 15th of the month requesting payment to CMS, and those with a net positive balance across all of its issuer payees will receive one lump-sum payment through EFT between the 19th and the 21st of the month.

The above referenced calculation results in a PPR file sent to the SBE-FP between the 10th and the 15th of the payment month with policy level user fee details. The PPR (function code I820) is a pipe-separated file, corresponding to the HIX 820 (function code F820) file that is provided to SBE-FPs by the end of the same month, and contains all the policy and program-level payment details by SBE-FP issuer payee, for user fees. The HIX 820 is an X12 remittance notification, which includes all of the information provided on the PPR, as well as the Treasury EFT Trace Number and the date the payment was sent to the SBE-FP's bank account, if a payment is due to the SBE-FP. Notably, a SBE-FP may receive two HIX 820s per month, if the payment due to SBE-FPs equates to $100 million or more and/or, if any issuer payee has one million effectuated policies or more in a month.[3] If the calculation results in a net negative balance,

[3] Technical and operational limitations impact how much funds can be paid out or charged in one EFT transaction, as well as how many policies can be displayed. The cutoff is 100 million dollars for payment or charges or 100 million policies per HIX 820.

the SBE-FP will instead receive a mailed invoice, and the HIX 820 will not report that a payment to the SBE-FP was made.

In addition, by the end of the month, SBE-FP issuer payees will receive an ***informational*** PPR via EFT with the function code of D820. This informational PPR will only have policy level details for user fee billing that has been invoiced to the SBE-FP.

Option Two: Collection of User Fees from SBE-FP Issuer Payees

If the SBE-FP does not request to provide the user fee directly to CMS, then CMS will collect the user fees from the SBE-FP issuers at the payee level.

Payment Cycle Overview

The high-level monthly process for the SBE-FP Issuer user fee payment cycle is below, where payment month follows calendar month:

1. 10-15th of Payment Month: PPR sent to each SBE-FP issuer payee.
2. 10-15th of Payment Month: SBE-FP issuer payee receives mailed invoice for the payment month if there are net charges. If an SBE-FP issuer payee receives an invoice, it will not receive a payment for this month.
3. 19-21st of Payment Month: SBE-FP issuer payee receives payment via EFT, if any payment is due to SBE-FP issuer payee. If payment is due, SBE-FP issuer payee would not have received an invoice.
4. By end of Payment Month: SBE-FP issuer payee receives HIX 820 file.

Payment Cycle Detail

The FFE utilizes the SBE-FP issuer payee's effectuated enrollment data based on the monthly premium and effectuated enrollment data as of the end of the current month to calculate the issuer's APTC payment, CSR payment, and user fee charge. Additionally, CMS will apply any contraceptive user fee adjustment credit to the SBE-FP user fee charge assessed on the issuer. This process allows CMS to calculate a net monthly payment or invoice at the payee level for each SBE-FP issuer payee, such that SBE-FP issuer payees with a net negative balance will receive a mailed invoice between the 10th and the 15th of the month requesting payment, and those with a net positive balance across all its issuer payees will receive one lump-sum payment through EFT between the 19th and the 21st of the month.

The above referenced calculation results in a PPR file sent to the SBE-FP between the 10th and the 15th of the payment month with policy level user fee details. As discussed in Option One above, the PPR (function code I820) is a pipe-separated file, corresponding to the HIX 820 (function code F820) file that is provided near the end of the same month, and contains all the policy and program-level payment details by SBE-FP issuer payee, including user fees, APTCs, and CSRs. The HIX 820 is an X12 remittance notification, which includes all of the information provided on the PPR, as well as the Treasury EFT Trace Number and the date the payment was sent to the SBE-FP issuer payee's bank account, if a payment is due to the SBE-FP issuer payee. Notably, an SBE-FP issuer payee may receive two HIX 820s per month, if the payment equates to $100 million or more and/or, the issuer payee has one million effectuated policies or more in a month.[4] If the calculation results in a net negative balance, the SBE-FP issuer payee

[4] Technical and operational limitations impact how much funds can be paid out or charged in one EFT transaction, as well as how many policies can be displayed. The cutoff is 100 million dollars for payment or charges or 100 million policies per HIX 820.

will instead receive a mailed invoice, and the HIX 820 will not report that a payment to the SBE-FP issuer payee was made.

Additional Option for CMS to Collect an Additional Charge from Issuers on Behalf of the SBE-FP

Notably, for the 2018 benefit year, SBE-FPs may send a request to their CMS State Officer by October 1, 2017 for CMS to collect an additional charge from issuers on behalf of the SBE-FP, which CMS would collect and then remit the amount to the SBE-FP. If CMS agrees to provide such services, SBE-FPs may be required to reimburse CMS any additional costs that are associated with CMS's provision of such service. Both the additional state charge, and the cost incurred by CMS, would be factored into CMS' user fee calculation. Please note that CMS will only pay the SBE-FP what is collected. That is, if CMS does not receive the additional due charge from an SBE-FP issuer, CMS would not supplement the payment to the SBE-FP with CMS user fees or other Federal funds. Additionally, where CMS is also collecting a charge on behalf of the State, CMS will apply any contraceptive user fee adjustment credit to only the Federal portion of the SBE-FP user fee charge assessed on the SBE-FP issuer.

Payment Process Set-up

In order to receive invoices and make payments for the 2018 benefit year, and depending upon the option selected above[5], the SBE-FP and/or the SBE-FP issuer payee must be established as a paying entity in two of CMS's payment systems, including Healthcare Integrated General Ledger Account System (HIGLAS), which is used for CMS' internal purposes only, and Pay.gov, which the SBE-FP or SBE-FP issuer payee uses to make payments. To complete the registration process for the 2018 benefit year, the SBE-FP or SBE-FP issuer payee should:

1. Alert CMS at vendor_management@cms.hhs.gov by November 15, 2017 of a request to become a paying entity in HIGLAS and Pay.gov.
2. Request a HIOS account (see page 2 of the accompanying FM Issuers User Guide) if the user does not currently have access to HIOS. Otherwise, skip to Step 3. Once approved, users will receive an email with their HIOS account information and an Authorization Code to request access to HIOS within the CMS Enterprise Portal.
3. Establish applicable user roles in the HIOS FM application (module). The user will need to establish both "submitter" and "approver" user roles. Both roles cannot be held by the same person (see page 2 of the accompanying FM Issuers User Guide). This process could take a few days to complete. Further, the FM module goes into a black out period on the 25th of each month through the 10th of the following month.
4. Create Payee Groups with the Tax Identification Number in the FM application (module). A payee group must have a parent record, which will end in 000 and a child record which will end in 001. The user must create both parent and child payee groups. (See page 4 of the accompanying FM Issuers User Guide).
5. Create Financial Information Forms (FIF) in the FM application (module). A FIF must be created for both the parent record ending in 000, and the child record ending in 001.The child record is required to contain your banking information; however, the parent record does not require banking information to be included. (See page 14 of the accompanying FM Issuers User Guide).

[5] Option One requires that the SBE-FP and each SBE-FP issuer payee proceed through the payment set-up process in order to receive or submit user fee payments, or receive informational notices. Option Two requires that just the SBE-FP issuer payees proceed through the payment set-up process.

6. Request a Bank Verification Letter (BVL) from the user's financial institution, which is essential to receive payment. The BVL must be faxed to CMS directly from the financial institution to 301-492-4746. The BVL must be submitted on official bank letterhead and must contain the following information: User name on the account, Bank account type (checking/saving), ACH routing transit number, Bank account number; TIN (optional), Authorized bank officer's name, signature, and contact information. At this point, the user's information is submitted for HIGLAS and Pay.gov approval from CMS.

If the SBE-FP or SBE-FP issuer payee has general questions, it may contact CMS at vendor_management@cms.hhs.gov. For technical assistance with HIOS, it may contact the Exchange Operations Support Center (XOSC) at cms_feps@cms.hhs.gov or 855-267-1515.