


Office of Employee Benefits  Administrative Manual  	<b>PREMIUM BILLING &amp; REMITTANCE</b>	<b>701</b>
	EFFECTIVE DATE: SEPTEMBER 1, 2005	
	REVISION DATE: SEPTEMBER 1, 2018	
	<b>PURPOSE:</b> Ensure that premium billing agrees with reported eligibility of subscribers and that institutions make timely remittance of funds as required.	
	<b>SCOPE:</b> Institutions of UT System and the Office of Employee Benefits (OEB) at System Administration	

**1.0 BACKGROUND**

UT System institutions and System Administration are appropriated funds to pay the employer's share of premium for employee and retired employee group insurance. They also deduct the employee share of premium on a pre-tax basis from salary and collect any premium to be paid by retired employees. Timely remittance of this premium is essential to permit the Office of Employee Benefits (OEB) to comply with its contracts for fully-insured employee group coverage and administration of its self-insured health plans, as well as to cover the cost of funding these plans.

**2.0 DEFINITIONS**

**Current Coverage Period**

The most recent coverage period that just concluded.

**Current Premium Bill**

Dataset that includes billing for the current coverage period plus two immediately prior coverage periods.

**Group Fund**

A fund established by the Office of Employee Benefits to receive all premiums to be paid for a particular coverage offered as part of the UT Benefits program, including the self-funded health and dental plans and any fully-insured health, dental, vision, life, accidental death and dismemberment, short term disability, and long term disability plan.

**Monthly Premium Remittance**

The monies authorized by a UT institution or System Administration to be paid into the appropriate Group Fund to cover the cost of the premium owed by the institution or System Administration for the group insurance coverage elected by group insurance program participants.

### **Premium Payment Due Date**

The published date on which a Monthly Premium Remittance is due to be transferred to the appropriate Group Fund.

### **Unresolved Premium Bill**

Dataset that includes 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 ELIGIBILITY DATA**

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.

## **4.0 PREMIUM BILLING DATASETS**

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 Bill" and an "Unresolved Premium Bill" for each institution. The criteria for each of these billing datasets 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.

The Current Premium Bill and an Unresolved Premium Bill are provided to each institution by OEB generally and approximately three weeks prior to the next Premium Payment Date.

## **5.0 INSTITUTION RESPONSE TO PREMIUM 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.

Descriptions of these codes can be found by selecting the “OEB PREMIUM DATASET” entries on the OEB dataset layout webpage at: <https://utdirect.utexas.edu/sgwww/sgwwdl.WBX>.

## **6.0 AUTHORIZATION FOR MONTHLY PREMIUM REMITTANCE**

OEB has been delegated the authority to require the timely remittance of Institutional payment of uniform group insurance program (UGIP) premiums. Published premium payment due dates are to be observed and scheduled accordingly using the Cash Payment System (CPS) for settlement(s) between inter-company receivable/payables.

The Chief Business Officer at each institution and System Administration is responsible for enabling the Monthly Premium Remittances to be deposited into the appropriate Group Fund no later than the Premium Payment Due Date as established by OEB.

## **7.0 DELIVERY OF PREMIUM REMITTANCE DATASET**

Each institution and System Administration must submit its intended Monthly Premium Remittance in the form of an electronic dataset to OEB at least two business days before the Premium Payment Due Date. The electronic remittance dataset serves as the only “source document” for summarizing the premiums to be paid by each institution and System Administration each month.

## **8.0 PREMIUM REMITTANCE TRANSFERS**

OEB provides the Office of Finance with a summary of the anticipated transfers. Each institution and System Administration must independently confirm the intended transfer amount with the Office of Finance and then transfer the appropriate funds to the UT System Short Term Fund on the Premium Payment Date.

## **9.0 MONITORING RESPONSIBILITY**

The Office of Finance monitors account assets in the Short Term Funds and makes payments as directed by OEB to cover plan premiums, administrative costs, and claims payments.

## **10.0 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.