An Opportunity to Tap into the Individual Market through Small Employers

Today, approximately 35 percent of small employers do not offer medical, life or dental benefits to their employees. The reasons for this are numerous:

- Many small employers do not qualify for traditional group coverage, such as those with an independent contractor status
- Requirements and mandates are not conducive to some employers
- Some small employers simply cannot afford to provide coverage to employees

The HumanaOne List Bill service, also known as Automatic Premium Deduct and Payment Service, enables an employer to deduct insurance premium from their employee’s paycheck, post-tax, and remit it directly to Humana. The employer does not offer the insurance; they simply move the premium from their employee, who owns the HumanaOne policy, and remits it to Humana.

List Bill’s Value to Employers and Employees

Why would an employer want to implement this service?

Implementing the HumanaOne list bill service has numerous advantages for the employer. The feature may help keep or recruit key employees. Also an employer’s competitor may not be able to provide employee benefits, but providing the list bill service may play into an employee’s or recruit’s decision to either stay with a company or accept a job offer.

Why would an employee use list bill?

Providing the opportunity for an employee to have HumanaOne insurance premium seamlessly deducted from their paycheck and have it submitted by the employer provides several advantages to the employee:

1. Paying for insurance coverage is effortless, hassle-free and at no additional cost
2. They own the plan(s), so the plans go with them even if they are no longer with their employer
3. HumanaOne products are guaranteed renewable (except for reason outlined in the policy), easy to choose and easy to use.

State Eligibility

Which HumanaOne states is this available in?

List bill is available for employers in Arizona, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Michigan, Missouri, Ohio and Texas. On September 30, 2005, it will be available in Arkansas, Mississippi, Nebraska and South Carolina.

As long as an employer is headquartered in any of the above mentioned states, an employee/applicant can reside in Colorado, Kentucky, Tennessee or Wisconsin and still be eligible for this service. On September 30, 2005, North Carolina will be included.
HumanaOne Product Eligibility

What HumanaOne products can be paid for through the list bill service?
The products include HumanaOne Individual Health Plan, HumanaOne HSA (the premium portion of the high-deductible health plan) and HumanaOne Term Life Insurance. The dental option, which a member can keep if they cancel their health plan, is also eligible.

The HumanaOne College Graduate Health Plan and HumanaOne Pre-employment Health Plan are not eligible.

Implementing and Maintaining the Service

What must an employer agree to in order to enter into a list bill agreement with Humana?

They must acknowledge and agree to the following provisions:

- While the agreement is in force, to not pay any part of the premium, either directly or through reimbursement, or deduct any part of the premiums from gross income for income tax purposes for participating employees.
- To not require or urge employees to apply for HumanaOne individual products.
- To payroll deduct and collect the premiums required for coverage for participating employees listed in the Automatic Premium Deduct and Payment Agreement form.
- To timely forward all premiums which become due and payable for the purpose of establishing and maintaining HumanaOne individual plans with the understanding that any payment in default may result in termination of this agreement and may result in the termination of the policies issued to employees listed in the agreement.
- While the agreement remains in force, to not sponsor any employer group health plan for which the participating employees listed in the Automatic Premium Deduct and Payment Agreement form would be eligible.
- To provide at least a 60-day advance notice to Humana if they intend to modify the terms of the agreement.
- Attest that no one has coerced the employer to no longer sponsor group coverage or change employment classification of any participating employees.
- For Florida employers: To not have offered employees, or had in place a group health benefit plan within the last six months.

*Some provisions may vary by state.

How does an employer become activated in the list bill service?

Activating is simple and requires completing only one form — Employer Consent to Automatic Premium Deduct and Payment (List Bill). Completion of this form is required as it contains important disclaimers that the employer must agree to. It also requires the company’s banking information, as the only payment method accepted is electronic funds transfer, or EFT.

After the consent form is completed, you or the employer can fax it to 1-608-237-0435. Upon receipt, Humana will send the employer a unique ID number, which the employees will need during the application process. This number ties their application to their employer's list bill.

The employer will also receive information on how to view their monthly electronic bill and remit premium payments via a secured web site. The employer is encouraged to change the password after their initial logon.

After the form is faxed, does it need to be mailed as well?
No, a faxed copy is all that Humana requires. The fax number is 1-608-237-0435.

Are there a maximum or minimum number of employees that can be on a list bill?
No, there is no maximum or minimum.
How does an employee participate in the list bill service?
Once you’ve worked with an employee to determine the product(s) that meets their needs, assessed their insurance eligibility, and provided them with a quote, the following steps need to be taken:

1. The employee needs to complete and sign the “Automatic Premium Deduct and Payment Agreement” form. (There is room for more than one employee to sign this agreement.) The employee needs to include their spouse’s and/or dependents names if they will also be applying and premium will be deducted from the employee’s paycheck. The agreement gives the employer’s consent to deduct premium, if their application(s) are approved. The form also contains important disclaimer information.
2. The employer signs the same form.
3. You, or the employer, fax the form to 1-608-237-0435.
4. The employee applies, providing the application specialist with the employer’s ID number.

This form can be found in the Employer kit as well as on www.humanaonehq.com.

What does an employee need to agree to in order to enter into a list bill arrangement with Humana?
By signing the Automatic Premium Deduct and Payment Agreement form, the employee:

- Authorizes their employer to deduct 100 percent of their HumanaOne premium from their paycheck and submit it on their behalf.
- Recognizes that if their employer fails to pay the required premium when due, even if their employer has deducted the amount due from their paycheck, their coverage may be terminated under the provisions of their policy.
- Agrees they have voluntarily applied for this coverage, and no one coerced them.
- Acknowledges they are not eligible for any group health plan sponsored by their employer.

Is there any charge to the employer or employees for this service?
No, there is no charge by Humana to participate.

Can an employee use list bill if they are not the policyholder? For example, what if only his spouse and/or dependents are HumanaOne members?
Yes.

Deducting, Billing and Remitting
What happens when an employee’s application gets approved?
The employee will pay the first month’s premium and will receive their Welcome packet in the mail. The employer will receive a letter stating the employee’s name, their first prorated month’s premium amount and their second full month’s premium amount. This letter will trigger the employer to start deducting premium from the employee’s paycheck.

How does an employer know how much to deduct?
When an employee is approved, the employer will receive a letter stating the employee’s name, their first prorated month’s amount and their second full month’s premium amount. The employer will then start deducting 100% of the premium from the employee’s paycheck on a post-tax basis.

When will the employer receive their bill and how do they pay it?
They will receive an e-mail on the fourth of every month. The e-mail notifies the employer that their electronic bill is ready for viewing and paying on a secured Web site. Once logged on, the employer can review the bill and make any modifications. When done, they can remit their payment through electronic funds transfer. (The employer provides their banking information on the Employer Consent to Automatic Premium Deduct and Payment [List Bill] form.) The only method of payment is through electronic funds transfer. In order for the EFT to work, the employer must have the following software: Windows XP or Windows 2000, SP 2, Microsoft Internet Explorer and Adobe Reader.

The employer can also view past invoices on this site as well.
What if the employer doesn’t approve their bill by the due date?
Humana will make every attempt to get the employer to approve the list bill account by the first of the month. However, if the employer still has not approved the list bill by the first of the month Humana will automatically withdraw premium from the employer’s account.

How does an employer remove an employee from the electronic list bill?
There is an option on the electronic bill to remove (disassociate) the employee. When this check-box option is selected, the member is marked with a status of “to be removed”, and the bill amount is adjusted to reflect the removal. This employee will not appear on future e-bills.

The employer can also remove an employee by calling Humana at 877-870-4177. The change will take place at the next billing cycle.

The employee will receive a paper bill if an employer removes him from their bill.

How does an employer modify the electronic bill if the amount listed is not the amount the employer will be paying?
There is a “Paid Other” button that can be selected. When an employer clicks on this button, they can fill in the amount they will be paying for that particular employee. This will also modify the total amount due on the bill. The employer also has the capability of entering a comment on why the amount was modified. Once the bill has been reviewed and finalized, the employer then can remit payment.

Can an employee add and remove dependents if they use the list bill service?
Yes. The process to add or remove dependents on a policy is the same as it is today. To add a person to the policy, the person will need to go through the application and underwriting process. Once approved, the employer will receive a letter stating that additional premium will be deducted from the employee’s paycheck.

To remove a person from the policy, the policyholder needs to submit the request in writing at least 30 days before the effective date. The employer will receive notification of the employee’s new premium deduction.

How are renewals handled with the list bill service?
Members using the list bill service will receive their renewal letters just as members who pay Humana directly. However, employers will receive a letter stating their employees’ new premium amount.

What happens if there aren’t sufficient funds in the employer’s account?
If there aren’t sufficient funds for the first attempt, Humana will attempt a second time within two business days. If the second attempt fails, Humana will contact the employer by telephone to reconcile the account. After a third telephone attempt without resolution, a letter will be sent to the employer stating that the list bill account will be terminated and the members will receive a direct bill.

What is the frequency of premium payments through this service?
Premiums are due monthly.

Who does the employer call if they are having technical difficulties?
An employer can call 877-870-4177 for technical assistance.
Canceling the Service

How does an employer cancel the service?
The employer needs to submit in writing at least 60 days prior to cancellation a letter to the Humana Billing and Enrollment department stating that they are canceling the service. Humana will, in turn, send a letter to the member(s) informing them that they will now be receiving a paper bill, and that there is a charge for the paper bill.

Humana Billing and Enrollment
PO Box 30111
Tampa, FL. 33630-3111

What happens when an employee cancels their policy?
A letter will be sent to the employer stating that the employee is no longer using the list bill process. The letter will not state the specific reasons.

Can an employer put the service on hold for any time, and then restart?
No. If an employer needs to turn off the service, the service will be terminated. To turn the service back on, the employer will need to submit another consent form and be assigned a new unique ID number.

Tools to Help You Sell

What materials are available to me to promote and sell this service and HumanaOne?
There are two kits:

1. **Automatic Premium Deduct and Payment Service Employee Kit** — comprised of a folder containing:
   - Automatic Premium Deduct and Payment Service informational flyer
   - State-specific benefit summaries — HumanaOne Individual Health Plan, HumanaOne HSA and HumanaOne Term Life Insurance
   - HumanaOne Health Savings Account educational brochure
   - Member services brochure explaining a valuable member benefit of a personal secured web page that provides information on claims, benefits and prescriptions.

2. **Automatic Premium Deduct and Payment Service Employer Kit** — comprised of a folder containing:
   - Automatic Premium Deduct and Payment Service information flyer
   - State-specific benefit summaries — HumanaOne Individual Health Plan, HumanaOne HSA and HumanaOne Term Life Insurance
   - HumanaOne Health Savings Account educational brochure
   - Agreement forms — Employer Consent to Automatic Premium Deduct and payment (List Bill) for the employer and Automatic Premium Deduct and Payment Agreement for both the employer and employee(s) to sign that are required before the service can be implemented
   - Member services brochure explaining a valuable member benefit of a personal secured web page that provides information on claims, benefits and prescriptions.

The kits' folders contain die-cuts for your business cards.

These kits are available through your sales representative and the Agent Service Center at 1-800-833-2572.

There are also PowerPoint presentations which you can use that explain the list bill service, HumanaOne products and member services. One presentation is targeted towards the employer, and the other towards the employee. The cover slide can be customized with your name and/or agency. These are available on www.humanaonehq.com.
Will I be notified when an employee joins list bill?
Yes. You will be copied on all correspondence that goes to a member.

Will commissions be different with any business using the list bill service?
No. Commissions will be paid as they are today.

Why are you calling the list bill service “Automatic Premium Deduct and Payment Service”?
List bill is an industry-specific term; employees and most employers do not know what it means. Automatic Premium Deduct and Payment Service is more explanatory and intuitive.

Screen Shot of an Employer’s Electronic Bill

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