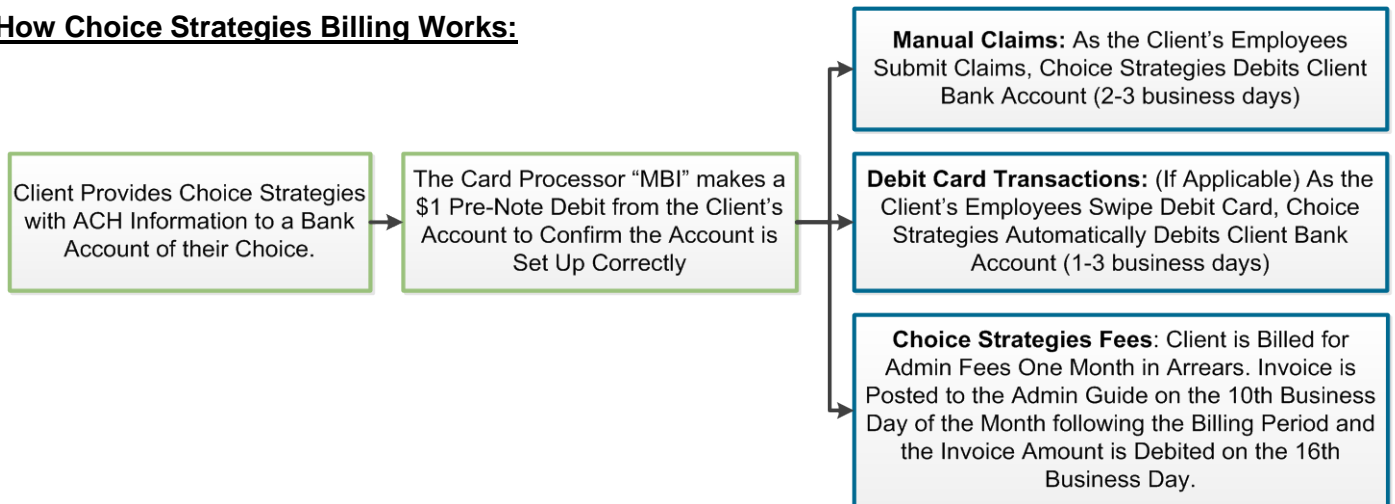


## Choice Strategies Billing

### Benefits of Choice Strategies Billing:

- **ACH Funds Transfer for all Client Billing**
- **Paperless Invoices Posted to Client Online Account**
- **No Required Pre-Funding Deposits to Choice Strategies:** Client's money remains in their bank account until it is used by employees.
- **24-7 Reporting Access:** On-demand reports can be generated through the Reporting System at any time, showing balances, plan utilization and other financial information.

### How Choice Strategies Billing Works:



### Notes/Reminders:

- To confirm the account information provided, Choice Strategies' card processor MBI Bank will submit a non-refundable \$1.00 pre-note debit. A minimum of \$1.00 must be deposited immediately to avoid a failed transaction.
- If the Client's bank account has filters or ACH blocks in place, the Client will have to provide their bank with Choice Strategies' filter information. Filter information can be found on the ACH Authorization form on the Master Application.
- Choice Strategies Debit Card Transactions appear on Client banking statements as MBI MBI-I-BANK
- Manual Claim transactions appear on Client banking statements as Choice Strategies
- Invoice notifications will be emailed to the Client administrative contacts when the invoice has been posted to the "Admin Guide" or employer online portal. Client contacts can login securely to access monthly invoices

### Frequently Asked Questions

**Do I Need to Set-up a New Bank Account?** No, you can use an existing bank account.

**Who is MBI MBI-I-BANK?** The bank associated with Choice Strategies' debit card processing platform.

**How Much Money Should I Keep in the Bank Account?** It depends. In general, Choice Strategies recommends between 20-25% of your total liability (claims exposure plus fees).



**Can I Use a Separate Bank Account for Choice Strategies Fees and Employee Claims?** Yes, you will need to submit two ACH Authorization Forms and indicate which account to pull the employees claims from.

**What Happens if There Isn't Enough Money for Choice Strategies to Debit my Account?** If there is an ACH failure, the employee accounts get temporarily frozen and the bank charges a \$35 Transaction Failure Fee. Choice Strategies' Accounting Department contacts the Client to resolve and reactivate employee accounts as soon as possible.

## **Massachusetts Health Safety Net Surcharge**

**What is the Massachusetts Health Safety Net Surcharge?** The Commonwealth established this tax to help pay for the healthcare of uninsured and low income state residents. The Surcharge rate is a percentage of the charges incurred by patients at ambulatory care facilities and acute care hospitals, and it is set annually by the state's Division of HealthCare Finance.

**Who pays the surcharge?** Any individual or entity responsible for the payment of health services rendered at acute care hospitals and ambulatory care facilities in Massachusetts pays the Surcharge. As a Third Party Administrator of direct pay Health Reimbursement Arrangements to Massachusetts employers, Choice Strategies has recently received registration with the state's Division of Health.

*Please note that the MA Division of HealthCare Finance determines the percentage of Surcharge annually. The current rate is 2% of the payment. To learn more about Massachusetts' Health Safety Net program, visit:*

[www.mass.gov/eohhs/consumer/insurance/more-programs/health-safety-net/](http://www.mass.gov/eohhs/consumer/insurance/more-programs/health-safety-net/)

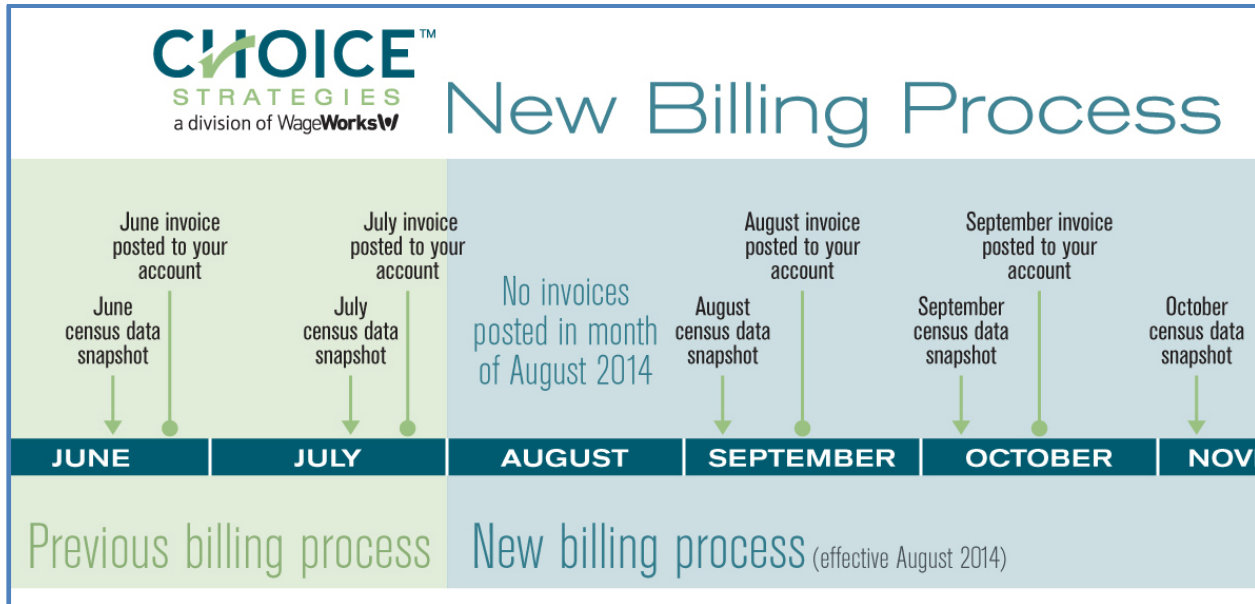
To remain fully compliant, Choice Strategies has paid the required Surcharge on behalf of our clients. In September 2014, Massachusetts employers with direct pay Health Reimbursement Arrangements with us will see a one-time cumulative Surcharge noted on invoices.

Beginning in October 2014, the Surcharge will be calculated and itemized based on payments made to applicable providers on a monthly basis.

**Why is Choice Strategies billing for this now?** Choice Strategies has only recently received our registration with the Massachusetts Division of Health and has paid the required Surcharge on behalf of our affected HRA clients, in an effort to remain fully compliant.

## **Billing in Arrears – Effective August 2014**

Choice Strategies is moving to a billing in arrears schedule, which means that invoices typically delivered to our employers in mid-August will not be delivered until September. Groups will not receive a bill from Choice Strategies during the calendar month of August. Instead, the invoice employers receive in September will reflect all activity incurred during the previous month, August. Billing will then continue on this regular, schedule going forward.



### **Billing in Arrears Frequently Asked Questions**

**What is “billing in arrears”?** “Billing in arrears” means that invoices reflect fees and activities from a prior time period. In the case of Choice Strategies, this period is the full calendar month before the billing month.

Billing in arrears is often done by doctors’ offices and most utility companies. Invoicing for activity that occurred effective in the previous calendar month is an accurate and consistent method to account for events like employee enrollments and terminations which can be backdated and future dated.

**Why is Choice Strategies switching to billing in arrears?** We have decided to adopt this billing process because it is more effective and it provides our clients with a more up-to-date invoice. Billing in arrears will also allow employers to anticipate the timing and amount of invoices more accurately.

This method also allows plan changes effective in the billed month to be fully processed; this will reduce the possibility of invoicing issues related to backdated and future-dated transactions.

**Hasn’t Choice Strategies always billed in arrears?** No. Choice Strategies has historically billed on a “current” monthly schedule. This means that we would pull a census snapshot from your account during the middle of the month that you would be billed for. This snapshot would be the basis for your invoice amount, but events like enrollments and terminations could have occurred after the snapshot and before the end of the month. Billing in arrears provides time for us to process changes that occur during the billing period so we can include them in our invoices.

**Why didn’t I receive a bill from Choice Strategies this August?** To adapt to the billing in arrears schedule, it was necessary to “skip” a month of invoices, referred to as the gap month. You will receive your next invoice around the middle of September.

**Is my September invoice going to be twice the amount?** No. We do not anticipate the amount due to vary significantly between any of your invoices as a result of this change in billing process.

**Will I be billed less this year, since there are fewer invoices?** Yes, you will receive one less bill this year with 11 invoices in total for 2014. The balance on each invoice will not be adjusted to compensate for this missed month.

**What if I want to pre-pay my invoice?** Clients who wish to continue to pre-pay Choice Strategies may still do so.

**Have the terms of payment changed as well?** No. Payments of all fees are payable upon receipt. If you pay via ACH, we will pull the funds from your account approximately 6 business days after your invoice is posted to the Admin Guide.