

# Vendor Management

**November 21, 2013**

Financial Management and  
Payment Process Session 5

# Agenda

- Session Guidelines
- Session Purpose
- Vendor Management Process Overview
- Tax Identification Number (TIN) and Legal Business Name (LBN) Information
- Payee Group Creation
- Submission of Financial Information and Authorization Agreement
- Questions
- Resources
- Closing Remarks

# Session Guidelines

- This is a 75-minute webinar session.
- Documented Q&As will be posted in the coming weeks.

# Intended Audience

- Associations
- Consumer Operated and Oriented Plan (CO-OP) Program
- Stand Alone Dental Plans (SADP)
- Federally-Facilitated Marketplace (FFM) Issuers
- State Based Marketplaces (SBMs)
- SBM Issuers
- Vendors/Third Party Administrators (TPAs)
- Small Business Health Options Program (SHOP) Issuers

# Purpose

This session provides a comprehensive overview of the Vendor Management process for payment purposes, including the creation of Payee Groups and submission of financial information on the Financial Information Template, and verification of banking information.

# Vendor Management Process Overview

# Background

- The Health Insurance Premium Tax Credit Rule (77 Fed.Reg. 30,377 (May 23, 2012)) sets the standards for determining a taxpayer's eligibility for premium tax credits and for computing the premium tax credit.
- The Exchange Establishment Rule (77 Fed.Reg. 18,310 (Mar. 27, 2012)) sets some basic standards for Marketplaces and Qualified Health Plan (QHP) Issuers related to the administration of Advance Payment of Premium Tax Credits (APTCs) and Cost-Sharing Reductions (CSRs).
- Beginning in 2014, individuals who enroll in QHPs through individual Marketplaces may receive APTCs and CSRs to make health insurance more affordable.

# Background (continued)

- Beginning in 2014, HHS will make monthly APTC and CSR payments to QHP Issuers on behalf of enrollees.
- CMS needs accurate financial information from Issuers in order to make timely APTC and CSR payments.



# Payment Information Needed

- In order to receive payments, Health Insurance companies need to complete a few simple steps:
  - Create Payee Group(s) and enter Payee Group financial information in the Financial Information Template
  - Sign a Financial Information Authorization Agreement
  - Request a Bank Verification Letter for each bank account entered on the Financial Information Template

# Why Submit Payment Information

- Creating Payee Groups allows Health Insurance companies to aggregate payments across Issuers, or keep the payments separated by Issuer.
- The Bank Verification Letter submitted directly to CMS from a Payee Group's financial institution provides verification of the banking information in the Financial Information Template.

# What Information to Submit to Receive Payments

Document	Submitter
Financial Information Template	Health Insurance Company
Financial Information Authorization Agreement	Health Insurance Company
Bank Verification Letter	Financial Institution

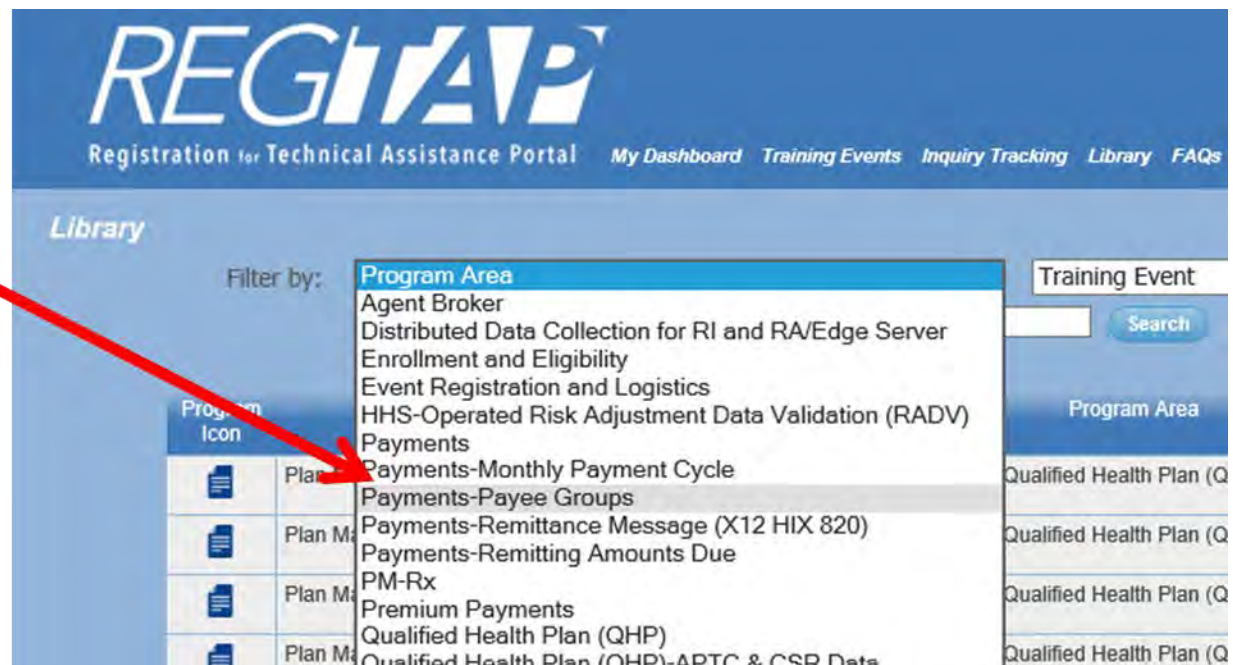


Submit the Financial Information Template, signed Authorization Agreement, and Bank Verification Letter to CMS by **December 1, 2013** in order to ensure timely payments.

# Document Location

- The Financial Information Template and Authorization Agreement will be posted in the REGTAP Library at <https://www.REGTAP.info>

Under Program Area, select “Payments – Payee Groups.”



# TIN and LBN Information

# TIN and LBN in HIOS

- CMS requires accurate TIN and LBN information in the Health Insurance Oversight System (HIOS) in order to:
  1. Fulfill tax reporting requirements
  2. Ensure accurate 1099s are issued
  3. Establish accounting records with accurate information prior to making the first payments to Issuers in 2014

# TIN and LBN in HIOS

- Issuers should confirm their data in HIOS prior to creating Payee Groups and submitting the Financial Information Template.
- Refer to the TIN and LBN information in HIOS when completing the Financial Information Template. For 2014, all TIN and LBN updates must be completed no later than **November 15, 2013**.
- Issuers should contact HIOS with questions about accounts.

# Payee Group Creation



# Payee Groups Overview

- Health Insurance companies have the option of establishing one Payee Group for all Issuers under a TIN, or multiple Payee Groups.
- If a subsidiary company's TIN is different than their parent company (organization), Issuers under the subsidiary and parent cannot be in the same Payee Group, but they can use the same bank account information.

# Payee Groups Overview (continued)

- A **Payee Group** is a set of one or more Issuers that share the same TIN.
- Health Insurance companies create Payee Groups to organize payments.
  - Payee Groups allow for the aggregation of payments across Issuers, or keep payments separated by Issuer.
  - Payee Groups are created at the **Issuer level**.

# Financial Information Template

- The Financial Information Template includes fields to collect Payee Group and banking information.
- The Financial Information Template is designed so that multiple Payee Groups can be designated and reported on one form.
- All QHP Issuers in an organization should be assigned to a Payee Group.

# Financial Information Template (continued)

- Issuers should create a meaningful Payee Group name for each Payee Group so correspondence related to a Payee Group is distinct.
- When completing the Financial Information Template, for each Payee Group only the Issuer name, Issuer ID and Issuer State fields should vary. All other fields should contain the same information for each Issuer in a given Payee Group.

# Financial Information Template (Continued)

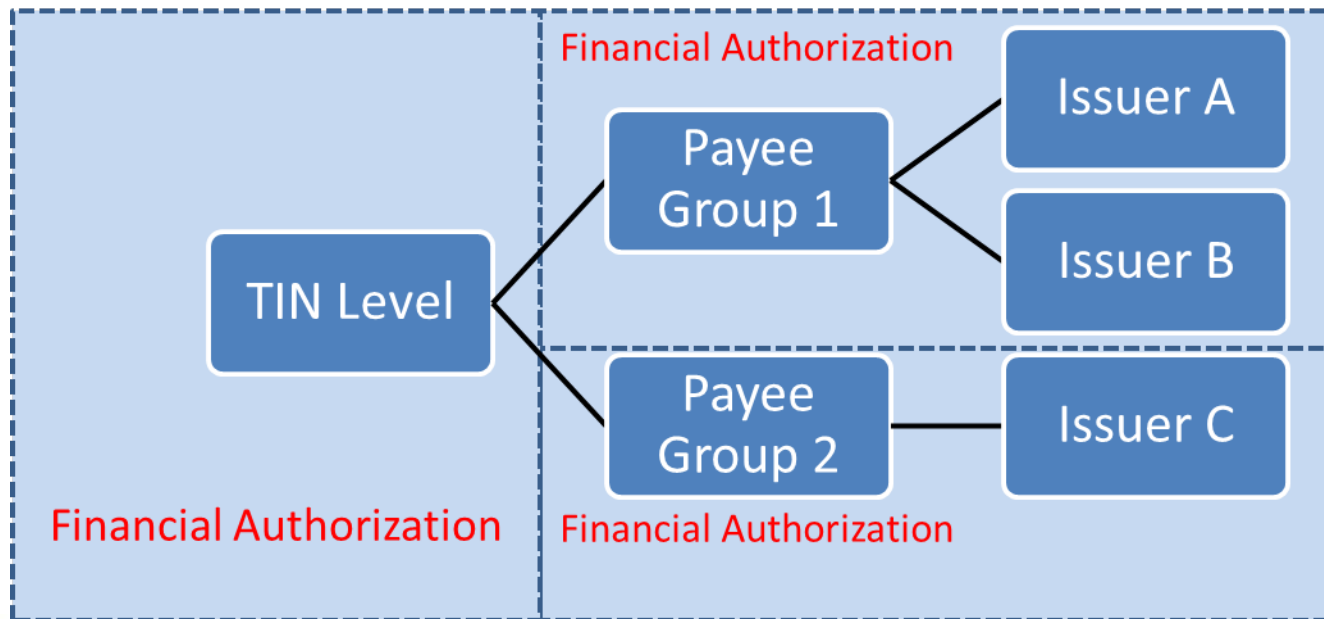
- There are **four (4) requirements** for assigning Issuers to Payee Groups:
  - All Issuers in a Payee Group must share the same TIN.
  - All Payee Groups must include at least one Issuer.
  - All Issuers must be assigned to a Payee Group.
  - Each Issuer must be assigned to only one Payee Group.



**Any Issuer not assigned to a Payee Group will not receive payments.**

# Payee Group Example

An insurance company has three (3) Issuers. The company can set up one (1), two (2), or three (3) Payee Groups. In this example, two (2) Payee Groups are set up.

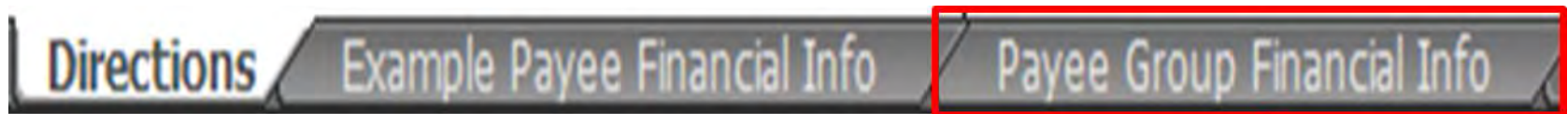


# Financial Information Template Location

- The Financial Information Template will be available in the REGTAP Library at <https://www.REGTAP.info>
- The Financial Information Template is a format to create Payee Groups and provide Payee Group financial information.

# Financial Information Template

The Financial Information Template contains three (3) tabs:



**Choose Payee Group Financial Info to create Payee Groups and enter financial information.**



# Financial Information Template: Payee Group Fields

Enter Payee Group information:

**Payee Group Name, Issuer ID, Issuer Name and Issuer State.**

Payee Group Name	Issuer ID	Issuer Name	Issuer State

Enter a Payee  
Group Name.

Assign Issuers to the  
Payee Group.



**Enter information for each Issuer assigned to the Payee Group in separate rows.**

# Financial Information Template: Organization Information Fields

Include the following information for each Organization: **TIN**, **LBN** and **Not for Profit Status**.

Tax Identification Number	Legal Business Name	Not for Profit Status (Y/N)
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Enter the TIN. Adhere to the nine (9) character limit in this field.

Enter the LBN associated with this TIN.

Enter "Y" for Yes or "N" for No to indicate the Organization's Not for Profit Status.



The **TIN**, **LBN** and **Not for Profit Status** should match the information submitted in HIOS.

# Financial Information Template: Organization Information Fields (continued)

Enter the 1099 Address information, including:  
**Street Address, City, State and Zip Code.**

1099 Street Address	1099 City	1099 State	1099 Zip Code
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**This address cannot be a  
Post Office (P.O.) Box.**

# Financial Information Template: Organization Information Fields (continued)

Enter information for two (2) individual contacts:

**Payee Group Contact** and **Financial Authority Contact**.

Payee Group Contact Name	Payee Group Contact Title	Payee Group Contact Phone Number	Payee Group Contact Email	Financial Authority Contact Name	Financial Authority Contact Title	Financial Authority Contact Phone Number	Financial Authority Contact Email
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Include the Name, Title, Phone Number and Email for the Payee Group Contact.

Include the Name, Title, Phone Number and Email for the Financial Authority Contact.



- The **Payee Group Contact** should be able to discuss the information in the Financial Information Template.
- The **Financial Authority Contact** should be able to discuss issues related to payments

# Financial Information Template: Billing Address Fields

Enter the Billing Address information for the Payee Group, including: **Attention Line**, **Street Address**, **City**, **State** and **Zip Code**.

Billing Address Attention Line	Billing Street Address	Billing City	Billing State	Billing Zip Code
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Enter Attention Line information:  
Payee Group name, Company  
Representative name or other identifier  
to signal the correspondence relates to  
the Payee Group.

This address  
cannot be a P.O.  
Box.

# Financial Information Template: Financial Institution Fields

Enter the Financial Institution information for each Payee Group:

Financial Institution Name	Financial Institution City	Financial Institution State	Financial Institution Zip Code	Financial Institution Contact Person	Financial Institution Phone Number	Bank Routing Transit Number	Bank Account Number	Savings or Checking Account (C/S)
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Include the Financial  
Institution **Name, City,  
State** and **Zip Code**.

Enter the **Name** and  
**Phone Number** of a  
Financial Institution  
Contact.

Enter the banking  
information including  
**Transit Number, Bank  
Account Number** and  
indicate if the account  
is a **Checking** or  
**Savings** account.

# Payee Group Examples

# Payee Group Example 1

A **Multiple Issuer Organization** with two (2) Payee Groups will choose the Payee Group Financial Info tab and include Payee Group Information, Organization Information, Billing Address and Financial Institution information for both Payee Groups.



# Payee Group Example 1 (continued)

Payee Group			
Payee Group Name	Issuer ID	Issuer Name	Issuer State
Northeast	12345	One	DC
Northeast	54987	Two	MD
Northeast	78956	Three	CA
Southwest	56123	Health	PA
Southwest	97568	Care	VA
Southwest	25246	Insurance	OK

- **Northeast Payee Group** contains three (3) Issuers and their associated HIOS ID, Name and State.
- **Southwest Payee Group** contains three (3) Issuers and their associated HIOS ID, Name and State.

# Payee Group Example 1 (continued)

Tax Identification Number	Legal Business Name	Not for Profit Status (Y/N)	1099 Street Address	1099 City	1099 State	1099 Zip Code
123456789	Health Insurance America	N	456 Memory Lane	Anywhere	MD	12345-4567



The **Organization Information** includes TIN, LBN, Not for Profit Status, and 1099 Address.

# Payee Group Example 1 (continued)

Payee Group Contact Name	Payee Group Contact Title	Payee Group Contact Phone Number	Payee Group Contact Email	Financial Authority Contact Name	Financial Authority Contact Title	Financial Authority Contact Phone Number	Financial Authority Contact Email
Mary Friend	Worker	313-957-4523	<a href="mailto:maryf@corporateemail.com">maryf@corporateemail.com</a>	Bill Hoppy	CFO	213-568-6968	<a href="mailto:billh@corporateemail.com">billh@corporateemail.com</a>



The **Organization Information** also includes Payee Group and Financial Authority Contacts for each of the Payee Groups.

# Payee Group Example 1 (continued)

Financial Institution								
Financial Institution Name	Financial Institution City	Financial Institution State	Financial Institution Zip Code	Financial Institution Contact Person	Financial Institution Phone Number	Bank Routing Transit Number	Bank Account Number	Savings or Checking Account (C/S)
Any Bank	Anywhere	AR	98765	Mr. Bank	987-564-2589	999999999	564852987	C
Any Bank	Anywhere	AR	98765	Mr. Bank	987-564-2589	999999999	564852987	C
Any Bank	Anywhere	AR	98765	Mr. Bank	987-564-2589	999999999	564852987	C
Some Bank	Somewhere	TX	54323	Ms. Finance	321-456-7898	201456388	758742365	S
Some Bank	Somewhere	TX	54323	Ms. Finance	321-456-7898	201456388	758742365	S
Some Bank	Somewhere	TX	54323	Ms. Finance	321-456-7898	201456388	758742365	S



One (1) set of **Financial Institution** information is included for **each** Payee Group.

# Payee Group Example 2

A **Single Issuer Organization** will choose the Payee Group Financial Info tab and include Payee Group Information, Organization Information, Billing Address and Financial Institution information for one (1) Payee Group.

# Payee Group Example 2 (continued)

Payee Group			
Payee Group Name	Issuer ID	Issuer Name	Issuer State
West	65678	Group Health	CA

**West Payee Group** contains the single Issuer and its associated HIOS ID, Name and State.



# Payee Group Example 2 (continued)

Tax Identification Number	Legal Business Name	Not for Profit Status (Y/N)	1099 Street Address	1099 City	1099 State	1099 Zip Code
987654321	Great Health	N	132 Doctor St.	Anywhere	VA	98765



The **Organization Information** includes TIN, LBN, Not for Profit Status, and 1099 Address.

# Payee Group Example 2 (continued)

Payee Group Contact Name	Payee Group Contact Title	Payee Group Contact Phone	Payee Group Contact Email	Financial Authority Contact Name	Financial Authority Contact Title	Financial Authority Contact Phone	Financial Authority Contact Email
Gary Smith	Manager	123-456-7890	gary@email.com	Jan Doe	CFO	321-654-8787	janmoney@email.com



The **Organization Information** also includes the Payee Group Contact and Financial Authority Contact information for the Single Issuer Payee Group.



# Payee Group Example 2 (continued)

Financial Institution								
Financial Institution Name	Financial Institution City	Financial Institution State	Financial Institution Zip Code	Financial Institution Contact Person	Financial Institution Phone Number	Bank Routing Transit Number	Bank Account Number	Savings or Checking Account
The Bank	Anywhere	OK	65897	Mr. Bank	987-564-2589	987654321	564852987	C

One (1) set of **Financial Institution** information is included for the Payee Group.

# Payee Group Example 3

## Organization with Subsidiary

- Company of ABC (TIN: 678362519)
  - Issuer: 89372 (TIN: 678362519)
  - Issuer: 56934 (TIN: 678362519)
- Subsidiary Company of ABC (TIN:567341357)
  - Issuer: 48972 (TIN:567341357)

# Payee Group Example 3 (continued)

## Payee Group Results

- Payee Group Name: ABC 1 (TIN: 678362519)
  - Payee Group ID: A456001
    - Issuer ID: 89372
    - Issuer ID: 56934
- Payee Group Name: ABC 2 (TIN: 567341357)
  - Payee Group ID: A789001
    - Issuer ID: 48972



**If a subsidiary company's TIN is different than their parent company (organization), Issuers under the subsidiary and parent cannot be in the same Payee Group, but they can use the same bank account information.**

# **Submission of Financial Information and Authorization Agreement**

# Financial Information Template and Authorization Agreement

- The Financial Information Template and Authorization Agreement facilitate the collection and verification of banking information, address information, contact information and authorization prior to approving Issuers for payment beginning in January 2014.
- Health Insurance companies must complete a Financial Information Template and designate Payee Groups.
- If an Organization contains only one (1) Issuer, the Payee Group consist of the single Issuer, and the organization will submit a Financial Information Template and Authorization Agreement for the Payee Group.

# Financial Information Template and Authorization Location

The Financial Information Template and Authorization Agreement will be available in the REGTAP Library at <https://www.REGTAP.info> under “Payments – Payee Groups.”



Submit the Financial Information Template, Authorization Agreement and Bank Verification Letter to CMS by **December 1, 2013** in order to ensure timely payments.

# Completing the Authorization Agreement

Provide one (1) signed Authorization Agreement for each Financial Information Template.

Health Insurance Company Name:

[Click here to enter text.](#)

Filename of Financial Information Template:

[Click here to enter text.](#)

Authorized/Delegated Official's Name:

[Click here to enter text.](#)

Title:

[Click here to enter text.](#)

Signature:

Telephone Number:

[Click here to enter text.](#)

Email Address:

[Click here to enter text.](#)

Date:

[Click here to enter a date.](#)



Each Agreement must be signed by an **Authorized Official**: either the Chief Executive Officer (**CEO**) or the Chief Financial Officer (**CFO**) of the Health Insurance company.

# Financial Information Template Verification

- CMS verifies the banking information submitted in the Financial Information Template.
- If the Financial Information Template is incomplete or contains inaccurate data, CMS will notify the Payee Group contact and/or the Financial Authority contact identified in the Financial Information Template. For example:

Contact	Reason for Contact
Payee Group contact	Issuers not assigned to a Payee Group
Financial Authority contact	CMS is unable to verify submitted banking information



**If the banking information cannot be verified, or if inquiries are not responded to in a timely manner, Issuers are at risk of not being paid in a timely manner. If requested by CMS, all resubmissions are due by December 10, 2013.**




# Where to Submit Completed Documentation

- Encrypt Financial Information Template and Financial Information Authorization Agreement and submit to CMS by email.
  - Submit encrypted documentation to `vendor_management@cms.hhs.gov`
- Send the decryption code for each encrypted submission to CMS by facsimile.
  - Submit the decryption code to CMS at (301) 492-4746

# Security Needs for Encryption

- Please make sure emails do not contain any of the requested information in the body of the email (e.g., TIN or banking information).
- **All** submitted documentation must be contained as an **encrypted attachment**.

# Security Needs for Encryption (continued)

- The attachment must be encrypted using a secure compression/encryption algorithm (e.g., Secure Zip).
  - The decryption code, or password, must be a minimum length of eight (8) characters and contain at least one (1) uppercase letter, one (1) lowercase letter, one (1) number and one (1) special character.
-  **Send the decryption code for each email submission to CMS by facsimile at (301) 492-4746.**

# Financial Information Template

## Verification: Bank Letter



**Each Payee Group must request that their identified Financial Institution submit a Bank Verification Letter directly to CMS by December 1, 2013.**

- The Bank Verification Letter must be on official bank letterhead and contain the following information:
  - Issuer name on the account
  - Bank account type (checking/savings)
  - Electronic routing transit number
  - Bank account number
  - Authorized bank officer's name, signature and contact information

# Submission of Bank Verification Letters



Financial Institutions should submit the **Bank Verification Letter** directly to CMS by facsimile at (301) 492-4746.

# Questions?

To submit questions by phone:

- *dial '14' on your phone's keypad*
  - *dial '13' to withdraw your question*

To submit questions by webinar:

- *type your question in the text box under the 'Q&A' tab*

# Resources

Resource	Resource Link
U.S. Department of Health & Human Services	<a href="http://www.hhs.gov/">http://www.hhs.gov/</a>
Centers for Medicare & Medicaid Services (CMS)	<a href="http://www.cms.gov/">http://www.cms.gov/</a>
The Center for Consumer Information & Insurance Oversight (CCIIO) web page	<a href="http://www.cms.gov/ccio">http://www.cms.gov/ccio</a>
Consumer website on Health Reform	<a href="http://www.healthcare.gov/">http://www.healthcare.gov/</a>
Registration for Technical Assistance Portal (REGTAP) - presentations, FAQs	<a href="https://www.REGTAP.info">https://www.REGTAP.info</a>

# Contact Information – Questions?

Subject	Resource Email
Questions on Financial Information	CMS_FEPS@cms.hhs.gov



# Resources: Obtaining Correct TIN and LBN Information

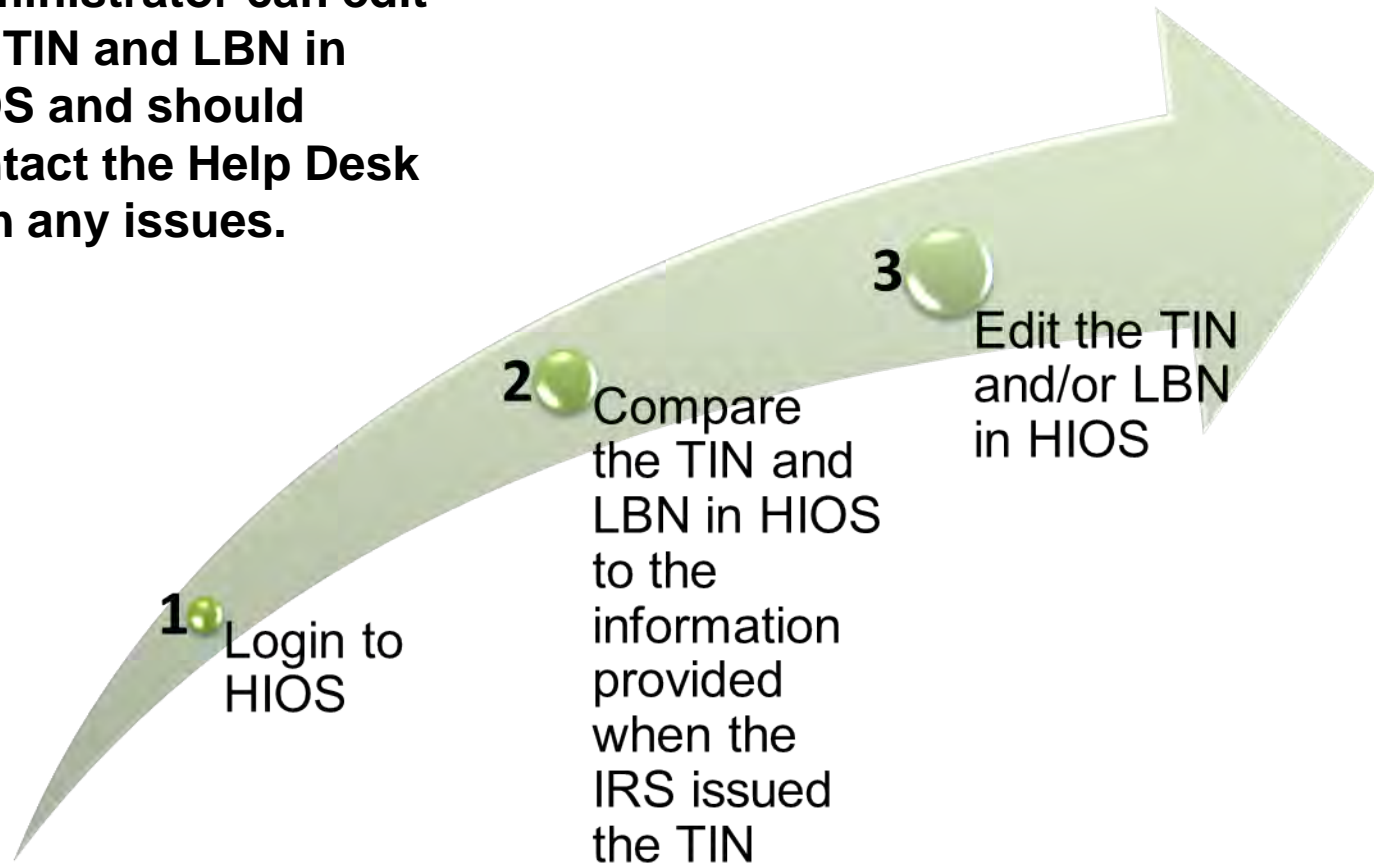
Organizations can obtain accurate TIN and LBN information through the IRS:

- Contact the IRS Business & Specialty Tax Line at (800) 829-4933
- Visit the IRS website at the following link:  
<http://www.irs.gov/localcontacts/index.html>

# Resources: Correcting TIN and LBN Data in HIOS



**The Company Administrator can edit the TIN and LBN in HIOS and should contact the Help Desk with any issues.**



# *Closing Remarks*