Automated Marketplace Premium Billing and Payment Solution Generates 37% CAGR in Net Premium Revenue over 7 Years

16% compound annual growth rate (CAGR) in per-member per-month (PMPM) net income

The Challenge: Scaling premium billing, payment, and reconciliation operations to accommodate a growing ACA population

Health plans looking to enter or expand in the ACA Marketplace face significant challenges managing premium payment processes. Multiple vendors, data silos, and ever-changing policy regulations often limit scalability efforts.

A health plan in Texas identified that a manual approach to payments was negatively impacting its growth. Inaccurate and late invoices, reconciliation delays, and a lack of oversight into payment transactions resulted in member abrasion, creating barriers to supporting the plan's growing communities.

Implementing Softheon's off-the-shelf (OTS) billing and payment solution during their second year on the Marketplace enabled the Texas health plan to grow its membership exponentially.

Issues caused by billing and payment challenges include:

- Inaccurate enrollment data resulting in member abrasion

- Delayed or missed subsidy payments leading to a decline in membership rates

- Payment data inconsistencies resulting in excess labor and noticing

- Damaged relationships with regulators

The Results: Automating and optimizing Marketplace billing and payments empowers a 16% growth in net PMPM income

The billing and payment platform enabled the health plan to increase effectuation rates and accommodate rapid growth. Improved membership experience through automated reconciliation and noticing processes contributed to the plan's significant membership increase—228% over the 7-year time period.

The net income gained from ACA membership growth and Softheon's operational efficiencies generated a CAGR of 37% over 7 years.

Due to the health plan's urgent need for accurate billing, Softheon accelerated the implementation process.

Billing processes were live less than five months after the initial scoping conversation.

Net income calculations accounted for:

- Softheon's transaction, fulfillment, and activation & services fees.

- Medical Loss Ratio (MLR) of 80% on average.

- Additional operational and marketing expenses.

In that time, net income on a PMPM basis grew 16%.

Other automation efforts that contributed to growth and margins

Softheon's platform enabled the health plan to offer innovative programs and better serve underinsured demographics. Two examples of innovative premium collection:

1. Risk assessment incentives

The Texas plan wanted to offer a 10% reduction in premium payments for members that completed risk assessments.

Member and payment information needs to be closely integrated to ensure that the right members are receiving the premium deduction. Softheon's end-to-end shopping, enrollment, and billing platform fulfilled the data-sharing requirements of this initiative.

2. Impacting vulnerable populations through a sponsored-payment market

The health plan added tens of thousands of members through sponsored payments with their affiliated health system.

These individuals are within a given range of the Federal Poverty Level (FPL) but ineligible for Medicaid membership and may have otherwise been uninsured

without intervention. The program helps fund hundreds of millions of dollars of what might otherwise be indigent care.

The plan's affiliated health system sponsors payments for any premiums not covered by the Advanced Premium Tax Credit (APTC). Softheon's integrated enrollment and billing system enables payment of a single invoice while accurately updating the billing accounts of tens of thousands of members.

The implementation of sponsor payments decreases the uninsured rates of frequent emergency room visitors and other vulnerable members of the local community.

When the Texas health plan implemented the sponsored-payment program, sponsored members quickly became a sizable percentage of the plan's total membership count and collected premium payments, as depicted in the charts below.

Sponsored Enrollments Contributed to:

Pie chart: **24.63%** / Of the total Individual member count

Pie chart: **28.90%** / Of payments collected
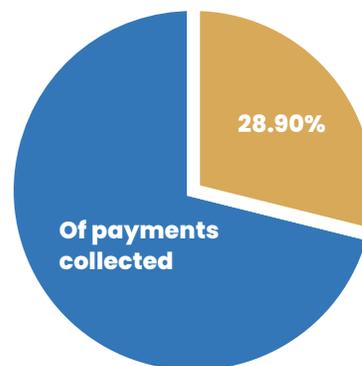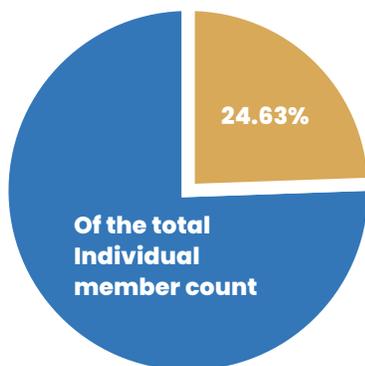
To learn more about how to expand revenue sources and improve outcomes while meeting community demand, contact our team:

Email info@softheon.com
LinkedIn linkedin.com/company/softheon

Assumptions

1. Medical Loss Ratio (MLR) averaged 80% during the given time period
2. Operating and marketing expenses contributed additional costs on top of assumed MLR, assumed to be 10% of total revenue based on industry benchmarks.
3. Softheon-related costs came in addition to all other costs.
4. All premium data and membership data came from Softheon systems and records or public data, where appropriate.