

ATTACHMENT 7: MODULE 1 ALTERNATIVE CLAIMS FUNDING OPTION AND RESPONSE

Vendor may choose to offer services utilizing the alternative claims funding described below. While Vendor may offer services under this funding method, it is at the Plan's option and discretion as to whether it accepts the alternative proposal. Vendors submitting an offer under the Alternative Claims Funding Option must confirm and describe its approach to meeting the Alternative Funding requirements as indicated within this attachment and complete the Alternate Proposal Table in the Cost Proposal Response workbook. Vendors are cautioned that they must submit a standard offer and Cost Proposal for evaluation and to be considered for award. Vendors submitting only an Alternative Claims Funding Option will not be evaluated or considered for award. Any acceptance by the Plan of an Alternative Claims Funding Option Proposal will be through the negotiation process prior to award or after award by Amendment. The Plan is under no obligation to accept a Vendor's Alternative Claims Funding proposal.

Overview and Expectations

If a Vendor can support the Plan's banking requirements, the Plan can fund claims directly, eliminating the need for Vendor to pay pharmacies and seek reimbursement from the Plan. This would require disbursing funds directly from a bank account opened specifically for the Plan. Any recoveries or reversals would also have to be deposited directly into the Plan's account. Vendor must be able to implement processes for all financial transactions that are compliant with State banking guidelines, including the policies and regulations of the Office of State Controller and the Department of State Treasurer, and provide timely documentation and reporting to support the Plan's financial reporting. As a state agency, the Plan may have unique limitations or special requirements around funding claims and handling deposits and other financial transactions.

Vendor would need to agree to each of the following:

- 1) Vendor will comply with the Plan's requirements regarding the disbursement of funds on the Plan's behalf which are outlined by the Department of State Treasurer's website: <https://www.nctreasurer.com/fod/Resources/BankingHandbook.pdf>. Vendor shall provide documentation that supports Vendor's understanding of the requirement and ability to comply.
- 2) If Vendor will be disbursing funds from Plan bank accounts, Vendor must (1) print checks with the Plan's logo and digitized signature with guidance on the layout from the Department of State Treasurer based upon a standard format; and (2) prepare checks and electronic funds transfers (EFT) for claims and other disbursements to be drawn directly from the Plan's bank account upon approval and release by the Plan. Vendor must be fully operational at least thirty (30) days prior to January 1, 2028. If Vendor will not be disbursing funds from the Plan bank accounts, Vendor should respond N/A to this requirement.

- 3) Vendor will email weekly disbursement request to the Plan by 9:30 AM ET on the first State Business Day of the week and hold disbursements until approved by the Plan.
- 4) Vendor will comply with N.C.G.S. § 147-77 regarding the deposit of funds belonging to the Plan and confirm agreement that all receipts and other monies belonging to the Plan that are collected or received by Vendor shall be deposited daily to the Plan's bank account(s) as designated by the State Treasurer and reported daily to the Plan.
- 5) Vendor will support the State of North Carolina's financial processing, banking, and reporting requirements which can be found at the following links or exhibits:
 - a) State banking:
<https://www.nctreasurer.com/fod/Resources/BankingHandbook.pdf>
 - b) Cash management:
https://www.osc.nc.gov/search?search_api_views_fulltext=cash%20management%20policy
 - c) Escheats:
<https://www.nccash.com/holder-information-and-reporting>
 - d) High level daily deposits and disbursements of state funds workflows:
Exhibit A-4: Deposits and Disbursements Process.
- 6) Vendor will provide a SOC1, Type II, and if applicable, a bridge letter, upon request by the Plan.
- 7) Vendor will manage multiple bank accounts for deposits and disbursements under the Department of State Treasurer.
- 8) Vendor will complete bank reconciliation for all disbursing accounts.
- 9) Vendor will track and report receivables as well as earned and unearned revenue on behalf of the Plan.
- 10) Vendor will provide access to up to three (3) years of historical receipts and claims funding data.
- 11) Vendor will provide electronic submission of deposit reports and disbursement funding as well as detailed backup documentation to support the transactions.
- 12) Vendor will provide historical check register detail and receipts as well as claims funding data.
- 13) Vendor has internal quality control programs and audits that will ensure the accuracy of all financial reporting to the Plan.

- 14) Vendor will batch claims and other disbursements for payment via check or ACH from the Plan's bank account on a weekly basis as determined by the Plan.
- 15) Vendor will hold payment of weekly claims and other disbursements until funding is authorized and requisitioned by the Plan.
- 16) Vendor will limit the aggregate dollar amount of claims paid each week if requested by the Plan to manage cash flow.
- 17) Vendor will deposit checks received into the Plan's bank account within twenty-four (24) hours of receipt to comply with the State's banking and cash management requirements.
- 18) Vendor will provide a daily reporting package of deposited premiums and other receipts as required by the Plan.
- 19) Vendor will provide a weekly reporting package of claims and other disbursement as required by the Plan.
- 20) Vendor will customize the reporting of any deposits, disbursements, or other financial transactions as required by the Plan.
- 21) Vendor will notify and report on all warrants/checks to be escheated prior to submitting state filings, and if required by the Plan, adhere to a prior approval process for escheats.
- 22) Vendor will provide each of the following Banking and Finance reports or reporting packages. The method for providing the report will be determined during implementation.
 - a) Monthly accounts receivable aging report that includes, but is not limited to:
 - i) The amount of premiums due but not received.
 - ii) The amount of any unapplied premiums.
 - iii) Intervals of aging 1-30 days; 31-60 days; 61-90 days; 91-120 days and over 120 days.
 - iv) Supporting documentation from which these amounts are derived.
 - b) Quarterly report of any uncollectible accounts:
 - i) Recommended for debt write-off which includes, but is not limited to:
 - (1) Account name.
 - (2) Subscriber number, if applicable.
 - (3) Description/justification of the reason for write-off.
 - (4) The provider code, if applicable.
 - (5) Dollar amount and date originally paid, if applicable.
 - (6) Payee status.
 - (7) Identifying number (e.g. invoice, claim, case).
 - (8) Total amount proposed for write-off.
 - ii) Recommended for exhausted debt (debt Vendor should stop tracking and pursuing

when agreed upon recovery process has been completed) which includes, but is not limited to:

- (1) Account name.
- (2) Subscriber number, if applicable.
- (3) Description/justification of the reason for exhausted debt.
- (4) The provider code, if applicable.
- (5) Dollar amount and date originally paid, if applicable.
- (6) Payee status.
- (7) Identifying number (e.g. invoice, claim, case).
- (8) Total amount proposed for exhausted debt.

- c) Daily deposited receipts reporting package that includes:
 - i) Summary report, which includes, but is not limited to:
 - (1) Date of deposit.
 - (2) Total amount received by check.
 - (3) Total amount received by ACH.
 - (4) Distinct identification of which amounts relate to premiums and which amounts relate to other types of deposits.
 - (5) Descriptive labeling of other deposits.
 - (6) Grand total of the daily deposits.
 - ii) Any documentation from the banking institution of the deposited amounts posted daily, e.g., bank deposit slips, electronic deposit report, lockbox report, etc.
 - iii) Daily deposit supporting documentation report, which includes, but is not limited to:
 - (1) Type of deposit, i.e. checks, ACH, and/or wire.
 - (2) Upon request, ability to produce Member level detail.
 - (3) Any other reports or information to support other types of deposits, e.g. recoveries, claims refund, etc.
- d) Daily NSF report.
- e) Monthly misapplied deposits and/or collections report (e.g. applied deposit to wrong client) which includes date originally deposited and how they were corrected.
- f) Weekly reporting package of claims and other disbursements by Plan Design, which includes, but is not limited to:
 - i) Number of checks processed weekly.
 - ii) Number of EFTs processed weekly.
 - iii) Payments amount(s) by type e.g. claims refunds, adjustments, miscellaneous payments, voided checks, escheats, reissued checks, etc.
 - iv) Weekly total by type.
 - v) Month to date total by type.
 - vi) Supporting documentation of all disbursements and an explanation of any adjustments and/or miscellaneous payments, e.g. check register, any system generated reports of check writes, etc.
- g) Monthly deposit reconciliation which includes, but is not limited to:

- i) Date of each daily deposit.
 - ii) Total amount of deposit for each day.
 - iii) Breakdown of amount by type of deposit, i.e. checks, wires, ACH (drafts).
 - iv) Monthly total of each type.

- h) Monthly reconciliation of claims and other disbursements which include, but is not limited to:
 - i) Daily transactions listed individually with a daily total as well as a summary total.
 - ii) A breakout of ACH/EFT, voids, cancelled checks, manual checks, any adjustments, total net disbursement, refunds and other disbursements.

- i) As applicable, escheats report of all warrants/checks to be escheated by state and Product type, which includes, but is not limited to:
 - i) Final due date to escheat the warrants/checks.
 - ii) Name of state and dormancy period for each state.
 - iii) Number of warrants for each state and dollar amount.
 - iv) Grand total number of warrants, dollar amount by Product type and grand total dollar amount for all product types. Explanation of any special circumstances or issues.

- j) Monthly Summary of Billed Charges by State Fiscal Year which includes a summary of claims paid for the period which includes both medical and pharmacy claims.
- k) Monthly Statement of Account (SOA) which includes all charges including claims, administrative fees, and all premiums paid. It is a full picture of all income/expenses for the month.

If submitting an Alternative Claims Funding Option Proposal, Vendor shall confirm that it can meet all requirements set forth above and describe its approach to meeting those requirements. In addition, Vendor must complete the Alternate Proposal Table in the Cost Proposal Workbook to indicate the Retail Network Fee that would apply under the Alternate Claims Funding Option.

☐ Confirmed

☐ Not Confirmed

Vendor's Response:

Proposal Number: **270-20260216PBMS**

Vendor: _____

Vendor must describe any limitation(s) or issue(s) with the meeting the requirements.

☐ Vendor has no limitations or issues.

☐ Vendor has limitations or issues as described in the following response: