Washington Health Benefit Exchange

FINANCIAL LITERACY AND PREMIUM PAYMENTS IN THE EXCHANGE

Christine Gibert, Senior Policy Analyst
Pam Cowley, Outreach Manager
BACKGROUND: PAYING FOR EXCHANGE COVERAGE

- The following payment methods are accepted by the Exchange:
  - Electronic
  - Paper
  - No Cash

- August 28, 2013, federal regulations:
  - Exchanges required to accept a variety of electronic and paper payment methods
  - Still do not require us to accept cash
INITIAL PAYMENT OPTIONS IN THE EXCHANGE

- Washington Healthplanfinder requires the initial premium payment to be made online:
  - Credit Card
  - Debit Card
  - Replenishable Pre-paid Debit Card
  - eCheck (ACH transfer from one’s savings or checking account)
SUBSEQUENT PREMIUM PAYMENTS

- After the initial payment, Healthplanfinder will accept paper payments:
  - Paper Check with Remittance Coupon
  - Money Order with Remittance Coupon
  - Payments Directly to the Issuer
ISSUES WITH NON-ELECTRONIC PAYMENTS

- Exchange is agency of record
  - Payments directly to issuers delay payment processing
- If payment is rejected for any reason, delay in processing
  - Exchange cannot accept under- or over-payments
  - Very short turnaround time to correct a NSF payment or other error (e.g., forgetting to include the payment coupon)
UNBANKED CONSUMERS – INITIAL PAYMENT

- Pre-paid debit cards are a common method of electronic payment for unbanked consumers
  - Spending is limited to the amount loaded on the card
  - No interest rates

- Consumer Reports study comparing 26 prepaid debit cards
  - Value
  - Convenience
  - Safety
  - Fee accessibility and clarity

CONSUMER REPORTS TOP 10

The following cards were ranked the ten best:

1. Bluebird (with direct deposit)
2. H&R Block Emerald Prepaid MasterCard
3. Green Dot Card
4. Approved Prepaid MasterCard (Suze Orman - with direct deposit)
5. Approved Prepaid MasterCard (Suze Orman - without direct deposit)
6. Prepaid Visa RushCard (pay-as-you-go plan)
   Bluebird (without direct deposit)
7. BB&T Prepaid Debit Card
8. Walmart MoneyCard
9. Chase Liquid
   Western Union MoneyWise Prepaid MasterCard
10. Halogen Reloadable Prepaid Card
BEST PREPAID DEBIT CARDS

- Chart comparing 7 prepaid debit cards available across Washington
- Did not include all Top 10 ranked cards because:
  - WAHBE does not accept American Express
  - Only available for tax refund money (H&R Block)
  - Require direct deposit
COMPARISON CHART OF PREPAID CARDS

Two categories:

▪ “Temporary”
  ▪ Purchased as a temporary pre-paid card for one time use
  ▪ Consumer can go online and sign up for a permanent card, at which time monthly fees will begin to apply
  ▪ If no action taken, card expires when money is used and no monthly fees apply

▪ “Permanent”
  ▪ Purchased as a permanent card with an associated monthly fee, either online or in a bank branch
  ▪ For one-time use, consumer must cancel the card
  ▪ If no action taken, card does not expire until expiration date and monthly fees apply
<table>
<thead>
<tr>
<th>Consumer Reports Ranking</th>
<th>Prepaid Card Name</th>
<th>Visa Logo Y/N</th>
<th>MasterCard Logo Y/N</th>
<th>Expiration Date Y/N</th>
<th>How is money put on card?</th>
<th>Purchase price</th>
<th>Activation Fee</th>
<th>Cost per transaction</th>
<th>Reloading Fee</th>
<th>Monthly Fee</th>
<th>Cancelation fee</th>
<th>Use of Customer Services Rep.</th>
<th>Associated Costs</th>
<th>Washington retailers where card is available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Temporary Cards</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Green Dot Card</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Temporary card is purchased with cash at register of retailer. Permanent card may be ordered online, it will arrive in 7-10 business days, and is taken to authorized retailer to load money.</td>
<td>$4.95</td>
<td>$0</td>
<td>$0</td>
<td>$4.95 for reload at retailer register or MoneyPak Reload.</td>
<td>$5.95 per month if permanent card is ordered.</td>
<td>$0</td>
<td>Call to cancel or close account online. Balance is refunded.</td>
<td>$0</td>
<td>Green Dot Cards may be purchased at Walmart (52), Rite Aid (140), 7-Eleven (224), Walgreens (130), Kmart (19), and Kroger (QFC and Fred Meyer stores) (122)</td>
</tr>
<tr>
<td>6</td>
<td>Prepaid Visa RushCard pay-as-you-go plan (Green Dot product)</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Purchase and load money on card at register. Reload card at register of Walgreens, Walmart, Western Union, or MoneyGram.</td>
<td>$5.00</td>
<td>$0</td>
<td>$1 (the next billing cycle reimburses for transactions over 10 so if you have 25 transactions you’ll get $15 credit)).</td>
<td>$4.95</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>Walgreens (130)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Walmart Money Card (Green Dot product)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Temporary card is purchased and loaded at retailer. May order permanent card online.</td>
<td>$3.00</td>
<td>(refunded if a permanent card is ordered within 10 days).</td>
<td>$0</td>
<td>$3 per month if permanent card is ordered.</td>
<td>$0</td>
<td>$0</td>
<td>Balance is refunded.</td>
<td>Walmart (52)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Halogen Reloadable Prepaid Card (Kmart) (Green Dot product)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Temporary card is purchased with cash at retail stores (Kmart only). Permanent card may be ordered online.</td>
<td>$3.95</td>
<td>$0</td>
<td>$0</td>
<td>$3.95 (Kmart) - $4.95 (other retailers)</td>
<td>$5.95 if permanent card is ordered.</td>
<td>$0</td>
<td>Balance is refunded.</td>
<td>$0</td>
<td>Must be purchased at Kmart (19); may be reloaded at Kmart, Western Union (395), and with MoneyPak</td>
</tr>
</tbody>
</table>
### Comparison of Recommended Prepaid Debit Cards

<table>
<thead>
<tr>
<th>Consumer Reports Ranking</th>
<th>Prepaid Card</th>
<th>Visa Logo Y/N</th>
<th>MasterCard Logo Y/N</th>
<th>Expiration Date Y/N</th>
<th>How is money put on card?</th>
<th>Purchase Price</th>
<th>Activation Fee</th>
<th>Cost per transaction</th>
<th>Reloading Fee</th>
<th>Monthly Fee</th>
<th>Cancellation Fee</th>
<th>Use of Customer Services Rep.</th>
<th>Washington retailers where card is available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Approved Prepaid MasterCard (Suze Orman) without direct deposit</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Permanent card is ordered online and mailed to consumer; money can be loaded and reloaded at authorized retailer.</td>
<td>$3.00</td>
<td>$0</td>
<td>$0</td>
<td>$3.50 (MoneyGram) - $4.95 (Western Union)</td>
<td>$3.00 (unless cancelled).</td>
<td>$0</td>
<td>Spend any remaining funds at a retail store. Balance may be refunded. May withdraw funds at an ATM ($2 fee + other applicable ATM fees).</td>
<td>First call in a month is free; $2 per additional call.</td>
</tr>
<tr>
<td>9</td>
<td>Chase Liquid</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Permanent card is purchased with cash and reloaded at Chase Bank locations.</td>
<td>No cost to purchase. (Minimum of $25.00 initial load.)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$4.95 monthly fee (unless cancelled). Must pay at least first month fee.</td>
<td>$0</td>
<td>Balance is refunded.</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>Western Union MoneyWise Prepaid MasterCard</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Permanent card may be purchased with cash and loaded at authorized retailers.</td>
<td>$4.95</td>
<td>$0</td>
<td>$0</td>
<td>$4.95 if reloaded with cash at retailer.</td>
<td>$2.95 monthly fee (after 120 days of inactivity).</td>
<td>Card balance must be spent down and will not be refunded. If balance on card at expiration, a new card is issued.</td>
<td>$0</td>
<td>Western Union (395); 7-Eleven (224)</td>
</tr>
</tbody>
</table>
NEXT STEPS

▪ Immediate
  ▪ Gather stakeholder feedback re recommended pre-paid cards
  ▪ Discuss with Lead Organizations

▪ Future years
  ▪ Exploring options for v2.0 to accept paper checks for initial payment
    ▪ Will require changing information flow
    ▪ Potential impacts on enrollment

▪ Ongoing: working with banks and financial institutions to facilitate easy first premium payment, explore options for subsequent payments, and encourage financial literacy