

Proposed Changes to the California LifeLine Annual Renewal Process

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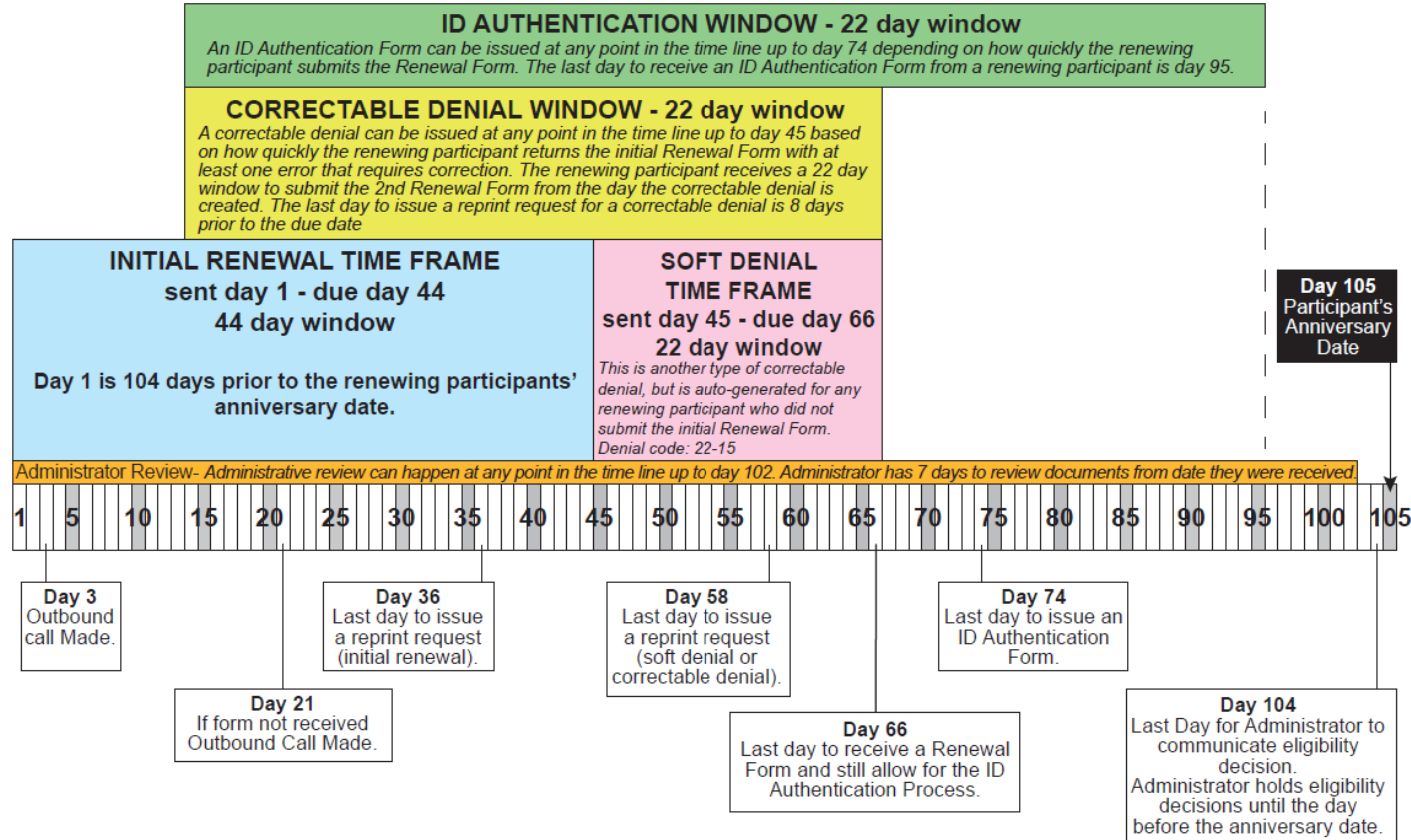
**National Lifeline
Association**

California LifeLine – Existing Annual Renewal Process

Current Renewal Process:

- The most recent renewal rates for California LifeLine wireless consumers stands at 33%
 - The national average outside of California is 80%, with some ETCs achieving over 90% recertification success
- Reliance on mailed communications (the “pink envelope” process) is inefficient and ineffective due to the often transient consumer base receiving wireless LifeLine service
 - The deliverability of mail to the LifeLine wireless consumer is <60% whereas a wireline consumer’s service delivery address is his/her billing address
- Carriers lack insight into a consumer’s anniversary window and how much time is left prior to the customer’s renewal date
 - The lack of this information leads to a break in the continuity of service or causes the consumer to be denied the LifeLine benefit

California LifeLine – Existing Annual Renewal Timeline



renewal timeline ver. 06/18/2015

California LifeLine - Annual Renewal Proposed Revisions

Front End Renewal Process:

- Develop access to qualifying program databases to automatically renew the annual LifeLine benefit for eligible consumers
- Require proof of eligibility at every benefit transfer
 - Require ETCs to provide this proof to the Third Party Administrator (TPA)/Maximus
 - Re-confirms consumer eligibility and allows for the anniversary date to be reset by one year
 - Allows the existing enrollment process to double as the annual renewal process

California LifeLine - Annual Renewal Proposed Revisions

Back End Renewal Process:

- Permit LifeLine consumers to complete the annual renewal process by verifying PII (Personally Identifiable Information) already on file with the TPA
 - For the purpose of annual renewal, the PII will be limited to full legal name, date of birth, last 4 of SSN and LifeLine phone number
- Allow consumers to renew online or via IVR using PII without the need for a PIN mailed in the pink envelope
- Provide ETCs with their consumers' PINs so that ETCs can include them in their texts to consumers
- Allow consumers to complete their annual renewal at any time during the renewal window prior to their anniversary date
 - The LifeLine benefit anniversary date will always be one year from the date of the consumer's most recent enrollment (whether new enrollment or benefit transfer)
 - Eliminates "black-out dates"

California LifeLine - Annual Renewal Proposed Revisions

Annual Renewal Process Existing Costs

- Under the existing process, costs are estimated to be **\$4.85M** for the 1.4M consumers currently participating in California LifeLine
 - Cost of Mailings = **\$2.8M**
 - (Initial Mailing [1.4M consumers x \$1 per] = \$1.4M) + (Final Mailing [1.4M consumers x \$1 per] = \$1.4M) = \$2.8M
 - Cost of Processing Successful Renewals = **\$624K**
 - (USMail [256K consumers @ \$2.21 per] = \$566K) + (Web/IVR/WES [194K consumers @ \$.30 per] = \$58K) = \$624K
 - Manual Re-enrollment Review = **\$712K**
 - 712K consumers x \$1 per = \$712K
 - Welcome Letter = **\$712K**
 - 712K consumers x \$1 per = \$712K

California LifeLine - Annual Renewal Proposed Revisions

Annual Renewal Process Revisions Proposed Cost Savings = **\$2.77M**

- Under the proposed process, annual renewal costs are estimated to be **\$2.1M**
 - Manual Re-enrollment Review for consumers who benefit transfer = **\$1.12M**
 - 1.12M consumers x \$1 per = \$1.12M
 - Cost of Mailings = **\$560K**
 - (Initial Mailing [280K consumers x \$1 per] = \$280K) + (Final Mailing [280K consumers x \$1 per] = \$280K) = \$560K
 - Cost of Processing Successful Renewals = **\$125K**
 - (US Mail [51K consumers @ \$2.21 per] = \$113K) + (Web/IVR/WES [39K consumers @ \$.30 per] = \$12K) = \$125K
 - Manual Re-enrollment Review for consumers who fail to renew = **\$142K**
 - 142K consumers x \$1 per = \$142K
 - Welcome Letter = **\$142K**
 - 142K consumers x \$1 per = \$142K

California LifeLine - Annual Renewal Proposed Revisions

Summary

These proposed changes to the Annual Renewal Process will:

- Make the process More Consumer-Friendly
- Improve Wireless Renewal Rates
- Result in Cost-Savings for the LifeLine Fund and ratepayers
- Streamline the process making it Easier and More Efficient for the TPA and ETCs to perform this requirement