

Business FAQ's: Large Group and Small Group Commercial Customers

This document has been updated as of July 17, 2020. We will update it as our policies change and more information becomes available.

As COVID-19 spreads, we recognize the adverse economic impact to businesses of all sizes and their employees. Kaiser Permanente wants to address inquiries and offer options to help navigate ways to keep health care coverage in place. Visit account.kp.org for the most up-to-date Kaiser Permanente COVID-19 general information.

Existing business

Eligibility

NEW! Q1: What if I want to switch to a leaner plan offering due to financial pressure?

A: For large and small groups: Small and large employers may make a one-time, "mid-plan-year" change to downgrade from their current plan to a lower-cost plan or add a downgraded plan alongside their existing plan to reduce their premiums and maintain coverage for the balance of the contract year. The following restrictions, limitations, and guardrails apply:

- This must be a full plan transition and all medical coverage options must make similar changes (including those offered by other carriers).
- The customer can only downgrade to a Kaiser Permanente Standard Plan. Specific benefit customization is not allowed.
- The customer cannot move coverage to/from Kaiser Foundation Health Plan (KFHP) and Kaiser Permanente Insurance Company (KPIC) plans, because we cannot cross accumulate between legal entities.
- Plan changes must be made for an effective date no later than 12/1/2020. See [IRS Notice 2020-29](#) for further details.

- Accumulation credit to new plan deductibles and out-of-pocket maximums can be supported with the following exceptions/limitations:
 - ▶ The customer must keep the same Group ID when changing plans mid-contract year.
 - ▶ The customer must remain in the same line of business (Large Group, Small Group, Kaiser Permanente for Individuals and Families).
 - ▶ The customer may not change plans multiple times within the contract year or accumulation period.
 - ▶ We cannot provide an automated accumulation credit when a member stays in the same group but moves from one region to another.
- See the charts below for accumulated benefit carryover:

Line of business crossover Y/N	SG	LG	KPIF
SG	Y	N	N
LG	N	Y	N
KPIF	N	N	Y

Product crossover Y/N	HMO	DHMO	HDHP	KPIC
HMO	Y	Y	Y	N
DHMO	Y	Y	Y	N
HDHP	Y	Y	Y	N
KPIC	N	N	N	Y

NEW! Q2: Will Kaiser Permanente allow employers to take advantage of the provisions of IRS Notice 2020-29, which permits employers to make midyear plan changes to the benefits they offer?

A: For large and small groups: Earlier in the pandemic emergency, Kaiser Permanente permitted employers to make midyear benefit plan changes as long as the changes were effective August 1, 2020. If employers allowed employees to pay for health benefits on a pre-tax basis, this created potential federal tax problems for any employees who changed plans.

To address this issue, IRS Notice 2020-29 permits midyear benefit plan changes during 2020 without adverse tax consequences. While the notice provides flexibility to employers to decide whether or not to make these changes, it does not require Kaiser Permanente, as the provider of coverage, to agree to any requests from employers.

Kaiser Permanente will consider an employer group's request for a midyear benefit plan change as permitted under Section 125 (without adverse tax consequences) subject to the following conditions:

- Kaiser Permanente will agree to only one midyear benefit plan change with open enrollment period per contract year through a 12/1/2020 effective date.
- To the extent permitted by applicable law and regulations, the employer must extend the open enrollment period to all medical plan offerings and must permit all eligible employees to participate, including those who previously waived coverage.
- The duration of the open enrollment period may not be greater than 2 weeks and resulting enrollment changes must be submitted to Kaiser Permanente on or prior to the effective date of coverage. We cannot receive enrollment changes after the proposed effective date.
- Changes made during open enrollment will have prospective effective dates only. No requests for retroactive enrollment will be approved.
- Employer contribution rates must remain unchanged for all plans offered by the employer.
- Except as required or permitted by law, enrollees must stay enrolled in the plan selected during the midyear open enrollment period for the duration of the contract period.

Employers who are not making a midyear benefit plan change but want to conduct a special enrollment period (SEP) for a limited time for all employees who want to switch to a leaner plan, as well as those who waived coverage, will follow the conditions outlined above. Requests to allow employees to switch enrollment to a richer plan will be considered on a case-by-case basis.

Kaiser Permanente reserves the right, in its sole discretion, to decline requests or to revise these conditions at any time.

NEW! Q3: Will Kaiser Permanente allow employers to take advantage of the maximum flexibility allowed by IRS Notice 2020-29, which permits employers to offer midyear individual employee plan changes without a qualifying event?

A: For large and small groups: IRS Notice 2020-29 permits employees who previously declined coverage or who want to make midyear benefit plan changes during 2020, without a qualifying event, to do so without adverse tax consequences. While the notice provides flexibility to employers to decide whether or not to permit these changes, it does not require Kaiser Permanente, as the provider of coverage, to agree to any requests from employers.

Other than the one-time option offered for April and May 2020 effective dates that was permitted by Kaiser Permanente for employees who waived coverage, Kaiser Permanente will not approve additional requests by employers for midyear individual employee benefit plan changes.

Q4: Can I delay the dates of our regular open enrollment to follow our contract effective date due to COVID-19 business impact? (For example: a July 1 renewal would typically offer open enrollment before July effective date. Due to business impact, we cannot offer an open enrollment until later in the year.)

A: For large and small groups: Yes, Kaiser Permanente will allow a delayed open enrollment when it was not offered prior to the contract effective date and is offered to all eligible employees and all carriers allow the open enrollment.

Q5: Can an employee who loses eligibility (e.g., hours reduced, furloughed employee, etc.) retain eligibility if I still pay the employer contributions?

A: For large and small groups: As long as the group and employee are current on their monthly payments, Kaiser Permanente will allow employees that would otherwise have lost eligibility to remain on the plan.

Q6: Can an employee who loses eligibility retain eligibility if I will not pay employer contributions?

A: For large and small groups: If an employee loses eligibility and the group will not cover the employer contribution, the employee is encouraged to explore COBRA, their state-based exchange, the federally facilitated marketplace or Kaiser Permanente individual and family coverage based on a qualifying life event. They may also be able to obtain coverage through a spouse's health care plan. These options are typically available for the employee to elect coverage for a limited period of time, often referred to as a special enrollment or election period. This is not an extensive list of coverage options, and there may be programs available through the state or other entities. For more information on health care coverage options, visit [healthcare.gov](https://www.healthcare.gov) or call the Kaiser Permanente Individual and Family plans line: **800-699-1853**.

Q7: If I hire employees back after a layoff, can they waive the waiting period when they return?

A: Large Group: Kaiser Permanente will allow the group to define the waiting period, as long as the waiting period and employer contribution are consistent for all employees.

Small Group: Kaiser Permanente will allow the group to define the waiting period when the employee returns to work, with no minimum, but no greater than 90 days.

Q8: Can an individual who is losing their coverage choose to go without coverage?

A: An individual losing their health coverage can choose to go without coverage but may face a penalty for failing to comply with any state Individual Mandate (CA and District of Columbia applicable) requiring residents to have health care coverage.

Q9: Due to the COVID-19 pandemic, can I allow my employees to keep dependents who are turning 26 on their plan longer?

A: While Kaiser Permanente understands the difficulties during this time, we will not be allowing coverage extensions at age 26. Members have other options to retain health care coverage, as turning 26 is considered a qualifying life event. They are encouraged to explore their state-based exchange, the federally facilitated marketplace, or Kaiser Permanente individual and family coverage. These options are typically available for the member to elect coverage for a limited period of time, often referred to as a special enrollment or election period. This is not an extensive list of coverage options, and there may be programs available through the state or other entities. For more information on health care coverage options, members can visit [healthcare.gov](https://www.healthcare.gov) or call the Kaiser Permanente Individual and Family plans line: **800-699-1853**.

Q10: Will Kaiser Permanente in California be recertifying Small Groups during this time?

A: Kaiser Permanente has placed the recertification process on hold until further notice.

Q11: If a large group has temporarily laid off or furloughed employees during the pandemic and no longer meets the threshold for Large Group coverage, will Kaiser Permanente move the group to Small Group until they can rehire their employees?

A: In all regions except Oregon and Washington, guaranteed renewability allows a group to stay in its current market segment at renewal. This means that a group with a Large Group contract may renew that contract even if it falls below the Large Group threshold. Only Oregon and Washington law require us to move groups to the correct market segment at renewal.

Note: The count is usually based on the average over a 12-month period prior to renewal. Plan changes during the current plan year may invalidate a group's ability to stay in their current market segment. Please consult your Kaiser Permanente account manager for more information.

Benefits

Q12: If I am not able to submit a plan change request in a timely manner, will Kaiser Permanente Small Group accept a late request?

A: Small Group: Kaiser Permanente will keep our current policy in place that requires plan changes to be submitted by the 15th of the month.

Q13: Can I enhance an existing plan temporarily due to fear of out-of-pocket expenses for employees?

A: For large and small groups: Kaiser Permanente already offers a number of ways to help members who may experience financial hardships. Cost sharing for medically necessary screening, testing, and treatment for COVID-19 has been reduced to zero dollars (\$0.00) for all Kaiser Permanente fully insured plans. (Self-funded employers will independently decide if they will waive member costs for COVID-19 services.) Additionally, eligible members who are experiencing high medical expenses may apply for our Medical Financial Assistance (MFA) program, which covers emergency and medically necessary health care services, pharmacy services and products, and medical supplies provided at Kaiser Permanente facilities. There is more information available on kp.org. For eligibility rules and how to apply, visit kp.org/mfa.

Q14: For Small Group in CA/GA/HI: If an employer terminates their grandfathered/grandmothered (Keep Your Plan) plan, can they be reinstated with the grandfathered/grandmothered (Keep Your Plan) plan?

A: A grandfathered/grandmothered (Keep Your Plan) plan is required to have at least one member continuously enrolled on the plan. If a grandfathered/grandmothered (Keep Your Plan) plan is terminated and there is a gap in coverage, then the grandfathered/grandmothered (Keep Your Plan) plan is no longer an option and only ACA metal plans are available to the group.

Financial

Q15: What happens if I cannot pay due to finances – including an extended grace period?

A: For large and small groups: Kaiser Permanente understands the financial impact that the COVID-19 crisis has had on our customers, members, and communities. Kaiser Permanente is working with regulators and will continue to send bills and notices as normal practice; however, we will not terminate groups for late payments through the month of September.

Q16: Can you offer employee financial assistance?

A: For large and small groups: Kaiser Permanente understands the financial impact that the COVID-19 crisis has had on our customers, members, and communities. Kaiser Permanente is working with regulators and, at this time, will not terminate coverage for non-payment of premium or out-of-pocket expenses through the month of September.

Q17: Is Kaiser Permanente following the California Insurance Commissioner's direction in terms of a 60-day grace period for all insurance policy holders including health insurance? Does this apply to both Large Group and Small Group?

A: For large and small groups: Yes, Kaiser Permanente is following the California Insurance Commissioner's recommendation of allowing a 60-day grace period before suspending coverage. This applies to all of our business regulated by the California Insurance Commissioner, including Large Group and Small Group. While the guidance does not apply to the majority of Kaiser Permanente's business because we are regulated by the Department of Managed Health Care, we are still complying with the grace period for all groups.

Q18: If an employer cannot make their payment, can they be placed on a payment plan?

A: Large Group: Please consult your Kaiser Permanente Account Management team for more information.

Small Group: Please contact Kaiser Permanente Membership Administration to discuss payment plan options.

- California: **800-790-4661, option 1**
- Washington: **855-397-3599**
- Maryland/Virginia/District of Columbia: **877-514-5114**

Q19: My bill includes employees I have terminated; will you allow paying a reduced amount on bill?

A: Kaiser Permanente encourages our group customers to pay their invoice as billed as this reduces the risk of groups becoming delinquent and, for minor changes in enrollment, adjustments are corrected in the next billing cycle. We understand during this time, you may have more fluctuations in monthly enrollment than in normal circumstances. If you have employees who lose coverage after your billing statement is generated, please make sure they are disenrolled with Kaiser Permanente by using account.kp.org to process the termination immediately and review your current enrollment roster.

If you have employees who have been confirmed disenrolled after your current bill generation, you can adjust your payment to match the current enrollment for your plan. Be advised that your next bill will show any adjustments as well as current plus past due amounts

Q20: Will Kaiser Permanente change its current HSA-eligible high-deductible health plans to provide all telehealth visits to members at \$0 out of pocket?

A: No. The recently passed CARES Act made a temporary change in IRS requirements that allows – but does not require – health plans to waive cost sharing for telehealth visits. This is a temporary exemption for 2020 and 2021. Kaiser Permanente has decided not to make any changes to our HSA-eligible HDHPs at this time. We will continue to treat telehealth visits for these plans as being subject to the deductible, then no charge after the deductible is met.

Q21: How will expenses for care on the U.S. Navy hospital ship Mercy be handled?

A: All Kaiser Permanente patients who receive care from the USNS Mercy will be transferred in coordination with Permanente Medical Group staff. The services are being offered by the federal government as part of the United States disaster relief efforts. There will not be any member charges or any incremental claims related to these services. All providers on the ship are members of the U.S. military, and services are covered under the federal emergency management budget.

Q22: Will Choice products (PPO, point-of-service, and out-of-area plans) be handled the same way as HMO and deductible HMO products?

A: In general, yes. Any diagnostic services or testing related to COVID-19 will be covered with \$0 member out-of-pocket costs. Any services or treatment provided by Kaiser Permanente providers or participating (PHCS) providers will be \$0 member cost share. For care from non-participating providers:

- If urgent/emergent or referred by Kaiser Permanente (for example, due to space limitations, a member is sent to a makeshift hospital or field hospital), we will cover care at \$0 member cost share.
- If a member seeks services on their own, the treatment would be covered the same as any other illness at the non-participating provider benefit level.

Q23: What is the cost to test for COVID-19?

A: The fee for COVID-19 testing is typically \$69. This is the same amount charged when Kaiser Permanente does the test internally or utilizes our primary external vendor. Occasionally the fee will vary if a different vendor needs to be used.

Q24: Will brokers be notified of any delinquency from their accounts?

A: We will work with our brokers and consulting partners to ensure we have contact information to provide timely, accurate notification if any of their accounts go into delinquency.

Underwriting and Rating

Q25: For Large Group, will Kaiser Permanente re-rate for enrollment changes?

A: Kaiser Permanente understands the impact that the COVID-19 crisis has had on our customers, members, and communities. At this time, we will not actively re-rate for enrollment changes related to the current crisis.

Q26: I'm a self-funded customer and I am experiencing a large drop in claims. What is causing this?

A: A drop in claims can occur at any time depending on specific utilization. At this time, you may experience a greater drop in claims because most non-urgent and elective procedures have been delayed, and we have leveraged telehealth visits, most of which are covered by the Integrated Care Management fee, to keep our members safe while meeting their care needs. A best practice is to continue to accumulate at the higher level as you may experience a greater increase in the future for pent up demand of utilization as the COVID-19 crisis subsides.

New business

Same as existing business unless otherwise noted:

Q27: Is Kaiser Permanente taking new group submissions?

A: Yes, our staff is working as usual to support our customers and we are taking new sales submissions. Please continue to submit groups and we will process them as soon as possible. If you are experiencing any challenges with your new group application paperwork, you should contact your Sales team for assistance.

Q28: Will participation be reduced or waived so more new groups are eligible for coverage?

A: New groups are still required to meet the health plan's minimum participation requirement to have group coverage.

Q29: As a new employer applying for coverage, will you waive/reduce contribution?

A: New groups are still required to meet the health plan's minimum contribution requirement to have group coverage.

Q30: I have a new employer seeking coverage whose employees do not meet minimum hours because of the COVID-19 pandemic. Will Kaiser Permanente accept below minimum hours per week?

A: New groups are still required to meet the health plan's minimum hours worked requirement to have group coverage. As an alternative, Kaiser Permanente also supports enrollment in the exchanges that are now open for a special open enrollment. Our pre-enrollment specialists can be reached at **800-324-9208** and are available to answer your employees' questions Monday through Friday from 7 a.m. to 6 p.m. Pacific time.

Q31: For Small Group, would guaranteed availability (no underwriting parameters) be available for new business?

A: There is no change to our current policy on guaranteed availability.

Q32: For CA Small Group, due to current working conditions, can the employer have additional time to submit enrollment forms?

A: Kaiser Permanente is providing additional time for new small groups to gather and submit enrollment forms and supporting documentation as required by our Small Group Underwriting Guidelines.

New groups that are applying must still comply with existing guidelines and submit their new group application and complete open enrollment by the fifth business day of the month. However, enrollment forms and other supporting documentation can be submitted up until the 15th of the month.

We encourage customers to submit early. If we don't receive all required paperwork by the 15th of the month, the coverage will become effective the first of the following month.

Q33: Will Kaiser Permanente accept any form of electronic signature on group applications during this time when access to necessary equipment may be scarce?

A: For large and small groups: Kaiser Permanente can accept all forms of electronic signatures, including DocuSign, other verified signatures, or typed signatures sent via email, which gives us the email/sender of the person signing the application.

For the most current information, contact your Kaiser Permanente representative or account manager.

Although we have attempted to present accurate information, Kaiser Permanente disclaims any express or implied warranty as to the accuracy of any material contained herein, any liability with respect to it, and any responsibility to update this material for subsequent developments. As required by the IRS, we inform you that any tax advice contained in this document was not intended or written to be used or referred to, and cannot be used or referred to, (i) for the purpose of avoiding penalties under the Internal Revenue Code, or (ii) in promoting, marketing, or recommending to another party any transaction or matter addressed herein. Users should consult with their own attorney or tax professional before making tax-related decisions.