

## Small Business Guidelines

These guidelines apply to all employers offering Kaiser Permanente small business coverage. You can choose from any of our ACA-compliant metal plans, subject to eligibility requirements.

### ELIGIBILITY

To be eligible for Kaiser Permanente's guaranteed issue and guaranteed renewable small business health plans, you must continuously meet certain requirements, as defined in the Affordable Care Act (ACA), the California Small Group Reform Act, and as outlined below:

- You must offer health plan coverage to 100% of your eligible employees.
  - Your minimum contribution must be at least 50% of the employee premium for the lowest-priced Kaiser Permanente medical plan you offer.
- You must have at least one W-2 employee (not including the sole proprietor owner, partners, their spouse, or domestic partner) but no more than 100 full-time and full-time-equivalent employees for at least 50% of your business's working days for the previous calendar quarter or year.

**For corporations and LLCs only:** A corporate officer that is a W-2/common-law employee is considered an eligible employee. The officers can be spouses, domestic partners, or unrelated.

  - A full-time employee is a permanent employee actively engaged in the conduct of business on a full-time basis and must average 30 hours per week over the course of a month, be subject to withholding on a W-2 form, and have met your group's waiting period, if applicable.
  - Full-time-equivalent employees are a combination of employees, each of whom individually isn't a full-time employee (because they're not employed on average at least 30 hours per week), but who, in combination are counted as the equivalent of a full-time employee.

Note: Kaiser Permanente allows employers the choice to offer coverage to employees working an average of at least 20 hours per week.

- You must ensure at least 50% of eligible employees are enrolled in a valid health plan. The following are valid health plan waivers if they are covered by:
  - Another employer's health plan through a spouse, domestic partner, or parent
  - Another health plan offered by this employer or another employer by which they are employed
  - Group coverage through COBRA or Cal-COBRA
  - Medicare, Medi-Cal, TRICARE (military or VA benefits), or an individual health plan
- Kaiser Permanente reserves the right to determine what other types of health plan coverage qualify as valid coverage.
- If affiliated companies are eligible to file a combined tax return for the purposes of state taxation, they will be considered one employer to determine group size but may choose to apply for coverage separately.
- You must have workers' compensation insurance as required by law.
- You must qualify under our California live/work rules to be eligible for coverage.
  - Your physical business address must be located within the Kaiser Permanente service area or at least one enrolling eligible employee must live within our service area.
  - All subscribers must live or work inside the service area applicable to their coverage when they enroll.

### PARTICIPATION

The employer must ensure that at least one W-2 employee (not including the sole proprietor owners or their spouses, partners or their spouses, or legal domestic partners) enrolls in Kaiser Permanente or other group health plan, and comply with the following participation requirements:

- If group has an original effective date prior to January 1, 2025, at least one eligible employee is enrolled under the group agreement.
- If group has an original effective date on or after January 1, 2025, and does not have another carrier, at least one eligible employee is enrolled under the group agreement.
- If group has original effective date on or after January 1, 2025, and has another carrier:
  - If group has less than 20 eligible employees, at least one eligible employee is enrolled under the group agreement.
  - If group has between 20 to 50 eligible employees, at least 3 eligible employees are enrolled under the group agreement.
  - If group has more than 50 eligible employees, at least 5 eligible employees are enrolled under the group agreement.

### INELIGIBILITY

Your business is ineligible for small group coverage if it's wholly owned by you or you and your spouse, and you don't have at least one eligible employee other than you or your spouse.

**For corporations and LLCs only:** A corporate officer that is a W-2/common-law employee is considered an eligible employee. The officers can be spouses, domestic partners, or unrelated. Contractors (1099), seasonal and temporary employees, private household help, and domestic help are ineligible for coverage.

### METAL PLAN RATING

Benefit costs associated with health care delivery for all our small group customers affects our plan rates.

Metal plan rates are calculated using 2 factors — rating area and member age. Claims or utilization experience aren't used to determine member premium rates.

#### Rating area

- Businesses located in California: Rates are based on the business's physical address (ZIP+4 and county).
- Businesses located outside of California are assigned to rating area 4.
- A post office box or other purchased mailing address can't be used as your business's physical address location.

#### Member age

- Each family member has a separate rate based on their age as of the effective date of the group contract. This rate will be used for the full contract year and updated yearly at renewal.
- A family will pay a premium per child up to 3 of the oldest children under age 21. Each additional child after the third will be \$0. Note: A premium will apply to every age from 21-26.
- Age bands are 0–14, 15, 16, 17, 18, 19, 20, every age from 21 to 63, and 64+.
- All plans include child dental for members under 19 years old, as of the group contract effective date. HMO plans apply the cost of child dental only to the 0–14, 15, 16, 17, and 18 age bands. PPO plans\* include the cost of child dental coverage in the overall rate.

\*Kaiser Permanente Insurance Company (KPIC), a subsidiary of Kaiser Foundation Health Plan, Inc., underwrites the PPO plan.

Final rates are based on actual group enrollment. Rates are guaranteed for 12 months and are valid only from the effective date stated in the group contract.

## GENERAL RULES AND REQUIREMENTS

- Your minimum contribution must be at least 50% of the employee premium for the lowest-priced Kaiser Permanente health plan you offer.
- The effective date of coverage for new employees and their eligible family dependents is always on the first of the month and that date must not go beyond the maximum 90-day waiting period, in accordance with the ACA guidelines.
- Kaiser Permanente Small Group permits our coverage to be written alongside another carrier's coverage ("sliced") in California only if that other coverage is a fully insured, age-rated, ACA-compliant small business metal or grandfathered (nonmetal) health plan. Exceptions: When a slice carrier has out-of-state employees, then composite rated, level-funded, or self-funded plans may be permitted.
- Kaiser Permanente doesn't write in slice position with CaliforniaChoice® or Covered California for Small Business (CCSB). Kaiser Permanente is offered as an option within these exchanges.

## STATEWIDE EMPLOYERS

Kaiser Permanente operates as 2 regions and contracts with employers separately as Kaiser Foundation Health Plan, Inc., Northern California region and Kaiser Foundation Health Plan, Inc., Southern California region. Employers with employees enrolled in both regions will be issued 2 separate contracts with unique group ID numbers and rates. The home region will be based on location of the headquarters or main location. Valid business documentation is required.

- New groups with one or more enrolled subscribers residing in the nonhome region will be issued separate contracts for Northern California and Southern California.
- When renewing groups with one or more enrolled subscribers residing in the nonhome region, a second contract for the nonhome region will be required at renewal. Rates are based on headquarter location for both Northern California and Southern California contracts. Deductible and out-of-pocket maximum accumulations will transfer all accrued deductibles to the new group.
- An employer must advise Kaiser Permanente when it moves its headquarters to a new California region by submitting an Address Change Request Form.
- An employer is not restricted to when they can change regions.
- The group is rated again upon renewal.

## MULTIPLE PLAN OPTIONS

The number of health plans you can offer to your employees is based on the number of enrolled Kaiser Permanente subscribers:

- Groups with 1 to 5 enrolled subscribers may offer up to 4 HMO Kaiser Permanente plans, plus 1 PPO plan for a maximum of 5 plans.
- Groups with 6 or more enrolled subscribers may offer 1 or more HMO Kaiser Permanente plans, plus 2 PPO plans.

## PPO

- If you offer PPO plans, all eligible employees must be offered the PPO options and Kaiser Permanente must be the sole carrier.
- If you have out-of-state employees, the maximum subscribership can't exceed 49% of the overall group enrollment. For example: A group of 10 subscribers can't have more than 4 out-of-state employees on a PPO plan.

### CHILD DENTAL

- All metal HMO and PPO plans cover the ACA-defined essential health benefits, including child dental coverage.
- HMO plan members are enrolled in a separate child dental benefit underwritten by Delta Dental of California.
- PPO plan members receive child dental PPO benefits as part of their medical coverage, not as a separate plan.
- Child dental services apply to all members under 19 years old. If a child turns 19 before the current contract renews, coverage is extended until the contract renewal date.

### SUPPLEMENTAL FAMILY DENTAL PLANS (OPTIONAL)

- The optional supplemental family dental plans are available for an added cost.
- You may choose to offer one supplemental family dental plan to pair with your health plan and all subscribers and dependents will be enrolled.
- Our supplemental family dental plans cover adults and dependent children up to age 26, when dependent coverage is offered, at an extra cost. These plans do not substitute for the ACA-required child dental coverage for members under 19 years old.
- The DeltaCare HMO family dental plan isn't offered with any PPO health plans.

### CHIROPRACTIC AND ACUPUNCTURE

Combined coverage for chiropractic/acupuncture care is included in the following metal plans:

- Platinum 90 HMO 0/10 PCP + Child Dental Alt
- Silver 70 HMO 1900/65 PCP + Child Dental Alt
- Platinum 90 HMO 250/30 PCP + Child Dental Alt
- Silver 70 HMO 2300/65 PCP + Child Dental Alt
- Gold 80 HMO 0/35 PCP + Child Dental Alt
- Silver 70 HMO 2900/65 PCP + Child Dental Alt
- Gold 80 HMO 1000/40 PCP + Child Dental Alt

### FERTILITY BENEFIT (METAL PLANS ONLY)

The optional fertility benefit is available for an added cost and only to groups with 20 or more eligible employees where Kaiser Permanente is the sole carrier.

- Upon selection of this optional benefit, it will be added to all the metal HMO plans offered, as part of the original contract, or can be added or discontinued upon renewal.
- Fertility benefit is already included in all metal PPO plans.

### DEDUCTIBLE CREDIT AND CARRYOVER

- We don't offer credit for expenses paid by members toward deductibles or out-of-pocket maximums in a medical or dental plan they had with another carrier prior to joining Kaiser Permanente.
- All Kaiser Permanente deductibles and out-of-pocket maximum accumulations reset to \$0 at the start of the new calendar year. Accumulations are not carried over from the previous calendar year to the new calendar year.
- Deductible and out-of-pocket maximum accumulations will reset when your coverage transitions from Kaiser Permanente to CCSB or a private exchange, or from CCSB or a private exchange to Kaiser Permanente and/or reenrollment.

## CAUSES FOR TERMINATION

Kaiser Permanente can terminate coverage under any of the following conditions if the employer:

- Intentionally fails to enforce employee and dependent eligibility rules
- Fails to pay required premiums after the grace period has lapsed
- Fails to comply with underwriting requirements, including participation or contribution standards
- Commits an act of fraud or intentional misrepresentation of material fact
- Has no employees enrolled in a Kaiser Permanente small business plan
- Moves outside Kaiser Permanente's approved California service areas and has no employees enrolled in a Kaiser Permanente small business plan who live in the service area

Kaiser Permanente can terminate employee or dependent coverage if the individual directly or indirectly commits an act of fraud or intentional misrepresentation of material fact.

## EXISTING ACCOUNTS

### RE-ENROLLMENT AND REINSTATEMENT

**Re-Enrollment** — If your small group coverage has been terminated for more than 60 days, you may re-enroll as a new group provided you still qualify for small group coverage. You will then receive a new coverage effective date, group number, and a new contract.

**Reinstatement** — If your small group coverage has been terminated for less than 60 days, you may request reinstatement of your prior contract to avoid a gap in coverage. Consideration of this request is conditional provided premiums are paid and you still qualify for small group coverage. Upon approval, your group will retain the same group number, renewal date and grandfather status, if applicable.

### GRANDFATHER (NONMETAL) PLAN OPTIONS

Kaiser Permanente groups may continue to offer their existing grandfathered (nonmetal) plans if their plan(s) existed and covered at least one employee without any lapse or change in coverage status since the ACA was signed into law on March 23, 2010.

If a group currently offers a grandfathered (nonmetal) plan(s) and eliminates or replaces any of these plan(s) with a metal plan, then their grandfathered (nonmetal) plan(s) and status are lost for that plan(s). Additionally, a grandfathered (nonmetal) plan cannot be replaced by another grandfathered (nonmetal) plan. Some exceptions include a bona fide employment-based reason for the change (other than changing the terms or cost of coverage) or multiple plans remain and currently cover a significant portion of employees.

### GRANDFATHER (NONMETAL) PLAN RATING

The rate calculation factors for grandfathered (nonmetal) plans are different from metal plans. Final rates are based on actual group enrollment. Rates are guaranteed for 12 months and are valid only from the effective date stated in the group contract.

#### Grandfathered (nonmetal) plan rating

Grandfathered (nonmetal) plan rates are calculated using 3 factors — rating area, age band, and risk adjustment factor (RAF).

#### Rating area

- If your business is located within our service area: Rates are based on the business's physical address (ZIP+4).
- If your business is located outside our service area or out of state: Rates are based on the ZIP+4 where the highest number of covered employees reside.
- A post office box or other purchased address can't be used as your business's physical address location.

### Age band

- The subscriber's age as of the effective date of the group contract, plus the family size, is used to determine the rate. This rate is used for the full contract year and updated at renewal. Age bands are <30, 30–39, 40–49, 50–54, 55–59, 60–64, and 65+.
- Family size categories are:
  - Employee only
  - Employee and spouse
  - Employee and child or children
  - Employee, spouse, and child or children: If a family has more than one child under 26, the premium for each additional child after the first will be \$0.

### Risk adjustment factor (RAF)

- One RAF is applied to all grandfathered (nonmetal) plans and restricted to a 0.90 to 1.10 range. The RAF applied to your group at renewal won't increase by more than 10 percentage points from the RAF applied in the prior rating period.
- RAFs are calculated using a model that assigns risk scores to each enrolled member based on the member's age, gender, and the types of prescription drugs the member is taking.

### GRANDFATHER (NONMETAL) CHIROPRACTIC AND ACUPUNCTURE

The optional combined chiropractic/acupuncture coverage is available for grandfathered (nonmetal) plans for an added cost. This option is not available for the grandfathered HSA-qualified high deductible health plans (HDHP).

- If you offer chiropractic/acupuncture coverage, all subscribers and dependents must participate, except for out-of-state employees, who are only eligible for the chiropractic/acupuncture plan offered with the PPO plans.
- You can only add this coverage at renewal and can discontinue coverage anytime up to 4 months before your renewal date or at renewal.

### RECERTIFICATION

Employer groups will periodically be required to recertify that their group continues to meet small business eligibility requirements as outlined in the eligibility section above.