2017 EMPLOYER UPDATE | CALIFORNIA

Crossover guidelines for HMO and deductible plans

Sometimes employers have business needs that require them to change their Kaiser Permanente plan in the middle of their accumulation period. Depending on the kinds of changes made, a midyear[1] plan change will either cause employees' credits toward their deductibles and/or out-of-pocket maximums to reset to zero or to cross over to the new plan.

This guide identifies when these credits will reset to zero and when they'll cross over. It applies to the following Kaiser Permanente plan types:

- traditional HMO
- traditional HMO with coinsurance
- deductible HMO
- deductible HMO with HRA
- HSA-qualified deductible HMO

When do deductible and out-of-pocket maximum credits reset?

In general, changing from one Kaiser Permanente plan to another in the middle of an accumulation period won't reset members' deductible and/or out-of-pocket maximum credits. However, if there's an employer or channel change, these credits may reset to zero.

Employer and channel changes

Most employer changes made in the middle of an accumulation period will cause members' deductible and/or out-of-pocket maximum credits to reset to zero. Common situations involving an employer change include:

- an employer merges with or is acquired by another company
- part of a company breaks away

Deductible and/or out-of-pocket maximum credits may also reset to zero if there's a channel change. This is a change in how employers acquire Kaiser Permanente health coverage – for example, if they change from a plan purchased directly from Kaiser Permanente to one obtained through a public exchange.

See the table on the next page for more detailed information.

For more information, including additional plan change scenarios, please contact your Kaiser Permanente representative.

Midyear plan changes

The table below shows the most common situations involving a midyear plan change. "Yes" indicates members' accumulation credits will cross over to the new plan. "No" means they'll reset to zero.

Do deductible[2] and out-of-pocket maximum[3] credits cross over to the new plan?

Scenario	HMO[4] to HMO DHMO[5] to DHMO HSA-qualified plan[6] to HSA-qualified plan	HMO[4] to DHMO[5] (or vice versa)	HMO[4] to HSA-qualified plan[6] (or vice versa)	DHMO[5] to HSA-qualified plan[6] (or vice versa)
Employee changes plans but keeps same employer – for example: • moves from one California region to another[7] • has a break in coverage during a single accumulation period	Yes	Yes	Yes	Yes
Employee changes employer – for example: • a merger or acquisition • a breakaway • employee moves to or from an Individual and Family plan	No	No	No	No
Employer changes from Calendar-Year Accumulation to Plan-Year Accumulation or vice versa	No	No	No	No
Large Business employer transfers to or from a private exchange (excluding California*Choice*®)	Yes	Yes	Yes	Yes
Employer transfers to or from California*Choice* or Covered California for Small Business	No	No	No	No

Please note: If any of the plan changes noted "Yes" above coincide with a change in the customer/purchaser identification number (CID/PID) – for example, when moving from Small Business to Large Business – the answer may be different. Please contact your Kaiser Permanente representative for details.

Last quarter carryover option for large groups

Large Business employers that are switching from one deductible HMO plan or deductible HMO plan with HRA to another can purchase a last quarter carryover option. It offers one-time, transitional support to help offset the reset of employee deductible and/or out-of-pocket maximum credits when an accumulation period is less than 12 months – for example, if an employer starts offering Kaiser Permanente coverage on July 1 but has a Calendar-Year Accumulation period.[8,9]

When the last quarter carryover option is purchased as part of a new sale, it allows employees to carry over any deductible and/or out-of-pocket maximum credits earned during the last three months of the current accumulation period to the following accumulation period.

Here's an example of how this works:

Year 1	
7/1	Employer joins Kaiser Permanente with a Calendar-Year Accumulation period and purchases the last quarter carryover option.
7/1–12/31	Employees accumulate credits toward their deductibles and/or out-of-pocket maximums through the end of the year.
Year 2	
1/1	• Employees' deductibles and/or out-of-pocket maximums reset to zero. • Employees' deductible and/or out-of-pocket maximum credits earned during the last three months of the accumulation period for year 1 will be applied to the deductible and/or out-of-pocket maximum for year 2.
7/1	Employer renews with Kaiser Permanente.
7/1–12/31	Employees continue to accumulate credits toward their deductibles and/or out-of-pocket maximums through the end of the year.

Questions?

If you have questions about deductible and/or out-of-pocket maximum crossover, please call us at **800-390-3507** and select "broker."

[1] Small Business employers are only allowed to change plans at renewal.

[2] Pharmacy deductible credits will cross over when moving from one plan in which pharmacy applies toward the deductible to another one within the same region in California.

[3] Pharmacy accumulation credits will cross over when moving from one plan where pharmacy accumulates to the out-of-pocket maximum to another.

[4] HMO plans include our traditional HMO and traditional HMO with coinsurance.

[5] DHMO plans include our deductible HMO and deductible HMO with HRA.

[6] HSA-qualified plan refers to our HSA-qualified deductible HMO plan only.

[7] In this case, employees must request that their deductible and/or out-of-pocket maximum credits be applied to their new plan by calling our Member Service Contact Center at 800-390-3507.

[8] The last quarter carryover option is only available to Large Business employers (with 101+ benefits-eligible employees) who switch from one deductible HMO plan or deductible HMO plan with HRA to another. It's not available to employers who switch to or from a traditional HMO, a traditional HMO with coinsurance, or an HSA-qualified plan.

[9] The last quarter carryover option will work differently for renewing Kaiser Permanente groups purchasing this option for the first time. Please contact your Kaiser Permanente representative for more information.

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