

DEDUCTIBLE FUNDING POLICY | CALIFORNIA

An explanation of our guidelines



Offering your clients one of our deductible plans can help them control their health care costs while helping you build your business. You can use the information here to make sure your clients understand our policy on employer reimbursement of member copays, coinsurance, or deductibles, and to discuss alternative options to help their employees pay for care.

Help your clients understand our policy on reimbursements

Employers often want to help their employees pay for the care they get. However, copays, coinsurance, and deductible payments are always the employee's financial responsibility. Our deductible plans are designed and priced based on the assumption that members will share the costs for their care.

Employers who offer reimbursements to their employees for copays, coinsurance, or deductible payments can affect how members use their plans. These changes in utilization can invalidate the assumptions we make to establish our plan benefits and pricing, and may result in higher premiums for all plan members.

As a result, Kaiser Permanente restricts employers from funding or directly reimbursing employees for their costs for care, except through health reimbursement arrangements (HRAs) or health savings accounts (HSAs).



For more information about our policy on employer funding for deductible plans, contact your Kaiser Permanente representative. To get details on our deductible plans, or about HRAs, HSAs, and other Health Payment Accounts, go to account.kp.org.

What deductible plan funding options are available?

Offering a deductible plan paired with an HRA or HSA can be an effective way for employers to help their employees cover their costs for care.

Please make sure your clients understand that:

- ▶ Employers who choose a Kaiser Permanente deductible HMO plan with HRA must contribute to their employees' HRAs.¹
- ▶ Employers can fund an employee's HSA only if the employee is enrolled in a Kaiser Permanente HSA-qualified deductible HMO plan. Contributions must be made according to federal tax laws for HSAs.²

What are the restrictions on employer deductible funding arrangements?^{3,4}

- ▶ **Small businesses** – Small group employers may not fund or directly reimburse members for any copays, coinsurance, or deductibles, except through one of our HSA-qualified deductible plans or one of our deductible plans with HRA. Small group employers in violation of our deductible funding policy may be subject to termination or nonrenewal.⁵ Reimbursements of employees' costs for care through flexible spending accounts (FSAs) or limited-purpose FSAs aren't permitted.

Brokers who advise small business clients to fund or directly reimburse employees for deductible plan expenses in violation of our policies won't receive sales commissions or rewards compensation from Kaiser Permanente.

- ▶ **Large businesses** – If a large group employer funds or directly reimburses employees for copays, coinsurance, or deductible payments, the broker must inform his or her Kaiser Permanente representative before any reimbursement starts. We'll factor the funding arrangement into the business's new or renewal rate quote.

How we respond to repeated violations

If we discover that a broker has repeatedly violated this policy, we reserve the right to immediately terminate the broker agreement.

¹Kaiser Permanente will factor the funding arrangement into new or renewal rate quotes for employers funding an HRA.

²Kaiser Permanente will factor the funding arrangement into new or renewal rate quotes for employers funding an HSA.

³The restriction in our deductible funding policy has been in effect since February 1, 2008. Therefore all group deductible plans and/or direct reimbursement arrangements with effective dates on or after February 1, 2008, will be subject to our policy restrictions. The Kaiser Permanente enforcement action listed above, however, became effective January 1, 2009.

⁴For allowable HRA contribution limits, please contact your Kaiser Permanente representative.

⁵Not applicable to small business PPO medical plans.

Information may have changed since publication.