

Q&A

Early renewals for small groups

An option when employers want more time to plan strategy

For more information, contact the Customer Connection Team at **800-790-4661, option 3.**

As they navigate through health care reform, some small group employers may want more time to review their needs and options. For eligible small groups, choosing to renew early can provide additional time to consider a long-term health care strategy. Use these questions and answers to help your clients understand how early renewal works.

Q: Is Kaiser Permanente offering early renewals for small groups?

A: Yes, small groups that meet all of the requirements can change renewal dates or “renew early” by voluntarily terminating their current 12-month contract and entering into a new 12-month contract with a new renewal date. To be eligible for early renewal, groups must:

- not have made a renewal date change in 2013
- send in their *Intention to Renew Early* form by August 30, 2013, followed by the *Confirmation to Renew Early* form by October 4, 2013

Employers should consult their legal and/or financial advisors before making any decisions to determine if renewing early is the best choice for them.

Q: Are grandfathered plans subject to the new Affordable Care Act (ACA) rate and benefit requirements?

A: Grandfathered plans aren't subject to the new ACA rate and benefit requirements. They gain no major benefit by renewing early.

Q: Where can I get the *Intention to Renew Early* and *Confirmation to Renew Early* forms?

A: Both forms are available on the Small Business Renewal page of BrokerNet.

Q: What's the rate impact if a group chooses to renew early?

A: December 2013 rates will apply, adjusted by the date when the group's contract with Kaiser Permanente began.

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- If a group's contract began October–December 2012, and they received a 13- to 15-month extended contract that's scheduled for renewal in January 2014:
 - Northern California rates will increase by:
 - 6.47% for HMO, deductible HMO, and high deductible health plans
 - 5.14% for POS plans
 - 2.04% for PPO plans
 - Southern California rates will increase by:
 - 6.84% for HMO, deductible HMO, and high deductible health plans
 - 3.15% for POS plans
 - 2.04% for PPO plans
- If a group's contract began January–June 2013:
 - Northern California rates will increase by:
 - 4.21% for HMO, deductible HMO, and high deductible health plans (0% for POS and PPO plans)
 - Southern California rates will increase by:
 - 6.45% for HMO, deductible HMO, and high deductible health plans (0% for POS and PPO plans).
- If a group's contract began July–December 2013, there will be no rate impact.

Q: How do I calculate the aggregate monthly premium cost to renew early in December?

A: To calculate the aggregate monthly premium for the December renewal contract, first apply the appropriate rate increase percentage listed above to your current premium rates for each rate tier (i.e., Employee Only, Employee + Spouse, Employee + Family, etc.) to determine the December renewal contract rates. The December aggregate monthly premium can then be calculated by multiplying each December renewal contract rate by the customer's enrollment in that rate tier.

Q: Will I receive the 2014 renewal prenotification packet in time to compare it with the December renewal rates?

A: Yes, but only for groups with a January 1, 2014, effective date. Renewal prenote packets for other contract effective dates won't be available before the October 4 confirmation date.

Q: Will early renewal result in lower rates?

A: Yes, in some cases. Renewing early may benefit some employers by temporarily delaying ACA rating changes, resulting in lower rate increases.

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Q: Will groups that renew early be able to take advantage of the small employer tax credit?

A: No. Groups that renew early won't be able to take advantage of the small employer tax credit increase from 35 to 50 percent in 2014. The small employer tax credit is only available through Covered California for contracts starting on January 1, 2014.

Q: If a group sends in an *Intention to Renew Early* form by August 30, 2013, will they be able to change that decision later?

A: Yes. If a group decides not to renew early, they can simply not send in the *Confirmation to Renew Early* form.

Q: If a group sends in a *Confirmation to Renew Early* form by October 4, 2013, can they change their decision?

A: No. Once received, the *Confirmation to Renew Early* form is binding and irrevocable.

Q: If a group didn't submit an *Intention to Renew Early* form, can they still choose to renew early by submitting the *Confirmation to Renew Early* form by October 4, 2013?

A: No.

Q: Will Kaiser Permanente accept forms after the designated due dates?

A: No. In order to process early renewal requests in time to adjust rates by December, forms must be sent by the designated due dates.

Q: Where should I send the completed forms?

A: The forms can be emailed to sbuservice@kp.org or faxed to **800-369-8010**.

Q: When will I receive bills reflecting the new December 2013 rates?

A: In most cases, the December 2013 bill will reflect the updated rates. However, depending on when the *Confirmation to Renew Early* form is received and processed, the new rate may be included in the January bill as an adjustment. Please submit payment as billed, knowing that the rates will be adjusted accordingly.

Q: Who can answer my questions about early renewal?

A: Please contact the Customer Connection Team at **800-790-4661**, option 3.