



December 15, 2014

Steven Shorr
Steven Henry Shorr
1027 W 11th St. Apt. 3
San Pedro, CA 90731-3558

17/0003623



California 90-day waiting period goes into effect in 2015

Dear Steven Shorr,

As your health care partner, we will continue to make sure you have the information you need to help guide your clients through the new health care regulations. We are writing to let you know about a change to our waiting period policy which goes into effect **on January 1, 2015** regardless of renewal date.

Under the Affordable Care Act (ACA), employers who provide health coverage can't require employees and their eligible dependents to wait longer than 90 days before their coverage becomes effective. This federal requirement has been in effect since January 1, 2014, but a waiting period requirement in **California law** seemed to **conflict with it**. **A new law signed by Gov. Jerry Brown in August 2014 resolved this issue by eliminating the California requirement entirely.**

Effective January 1, 2015, employers only need to comply with the federal ACA requirement. Health plans are prohibited from imposing waiting period requirements in their group contracts. **All Kaiser Permanente small group employers are required to monitor their own compliance to ensure their group's health plan doesn't apply a waiting period that exceeds 90 days starting on January 1, 2015, regardless of renewal date.**

Additional implementation details supporting this policy change are contained in the attached letter which will be communicated to your clients listed in the report below.

We're here to support you as you help your clients navigate through this change. Please feel free to contact your Account Manager directly with any questions.

Sincerely,

Kaiser Permanente
Small Business

Renewal
Month
June

ID



Company

ENGINEERING, INC.

Contact





<<Date>>

<<Contract Signer Name>>

<<Group Name>>

<<Group Mailing Address>> <<Add_2>>

<<Group City>>, <<Group ST>> <<Group ZIP>>

California 90-day waiting period goes into effect in 2015

Customer ID: <<PID>>

Dear <<Contract Signer Name>>,

We are writing to let you know about a change to our waiting period policy which goes into effect on **January 1, 2015** regardless of your renewal date. Under the Affordable Care Act (ACA) and regulations, employers who provide health coverage **can't require employees and their eligible dependents to wait longer than 90 days** before their coverage becomes effective. This federal requirement has been in effect since January 1, 2014, but a waiting period requirement in California law seemed to conflict with it. A new law signed by Gov. Jerry Brown in August 2014 resolved this issue by eliminating the California requirement entirely.

Effective January 1, 2015, employers only need to comply with the federal ACA requirement. Health plans are prohibited from imposing waiting period requirements in their group contracts.

What you should know

1. Provisions of the new waiting period regulation

- **Employers may not apply a waiting period that exceeds 90 days.** A waiting period is the length of time that must pass before coverage for an individual, who is otherwise eligible to enroll, can become effective.
- Employers may require new employees to complete an **orientation period** as long as it is no greater than 30 days. Any waiting period would begin to run only after completion of the orientation period. It is the employer's responsibility to administer and track these requirements.

2. How to comply with the new regulation

- Kaiser Permanente will rely on the eligibility information reported to it by the employer, as provided in the ACA regulation.
- This means that, starting on January 1, 2015, all Kaiser Permanente small group employers must monitor their own compliance with the ACA regulation to ensure they do not apply a waiting period that exceeds 90 days, regardless of renewal date. Kaiser Permanente will assume compliance when the employer transmits its employee eligibility information.

3. What to consider when enrolling new employees

- The effective date of coverage for new small group employees and their eligible dependents will always be on the first of the month, and this limitation must be considered by the group when determining its compliance with the ACA regulation.

- **Employer premiums can no longer be prorated.**
- Because of the above requirements, most small groups will need to have **an effective date of first of the month following 60 days or shorter in order to comply with the 90-day waiting period requirement.** The only instance in which an employer may apply a full 90-day waiting period would be in the case of an employee starting on the first of the month.
- New employee enrollment forms must be submitted with effective date of coverage in a timely manner since members can only be enrolled retroactively up to two months prior to the current effective month.

Changes to your Group Agreement

In your *Group Agreement*, a "Representation Regarding Waiting Periods" provision has been added to comply with the waiting period requirements in the ACA. The new provision states:

Representation Regarding Waiting Periods

By entering into this Agreement, Group hereby represents that Group does not impose a waiting period exceeding 90 days on employees who meet Group's eligibility requirements. For purposes of this requirement, a "waiting period" is the period that must pass before coverage for an individual who is otherwise eligible to enroll under the terms of a group health plan can become effective in accord with the waiting period requirements in the Patient Protection and Affordable Care Act and regulations.

In addition, Group represents that eligibility data provided by the Group to Health Plan will include coverage effective dates for Group's employees that correctly account for eligibility in compliance with the waiting period requirements in the Patient Protection and Affordable Care Act and regulations. For example, if the hire date of an otherwise-eligible employee is January 19, the waiting period begins on January 19 and the effective date of coverage cannot be any later than April 19. Note: Because the effective date of Group's coverage is always on the first day of the month, in this example the effective date cannot be any later than April 1.

Changes to your Evidence of Coverage documents

In your *Evidence of Coverage* documents for nongrandfathered, non-Medicare plans, the "New Employees: Effective date of coverage" provision has been revised to comply with the waiting period requirements in the ACA. The revised provision states:

Effective date of coverage. The effective date of coverage for new employees and their eligible family Dependents is determined by your Group in accord with waiting period requirements in state and federal law. Your Group is required to inform the Subscriber of the date your membership becomes effective. For example, if the hire date of an otherwise-eligible employee is January 19, the waiting period begins on January 19 and the effective date of coverage cannot be any later than April 19. Note: Because the effective date of your Group's coverage is always on the first day of the month, in this example the effective date cannot be any later than April 1.

If you have any questions, please contact your broker or call our Customer Connection Team at **800-790-4661, option 3.**

Sincerely,

Kaiser Permanente
Small Business