

**Lawrence Livermore Retiree Association Luncheon:
Kaiser Permanente Senior Advantage with
Health Reimbursement Arrangement**

**Custom Product Offering for
Lawrence Livermore National Security (LLNS)**

October 21, 2009

Meeting Objectives

- Understand that Kaiser Permanente Senior Advantage (KPSA) with Health Reimbursement Arrangement (HRA) is available January 1, 2010.
 - Kaiser Permanente's integrated delivery system
 - Health Reimbursement Arrangement with Bank of America
- Understand the next steps if:
 - You are an existing KPSA member, or
 - You would like to join Kaiser Permanente
- Understand how and when to enroll
- Understand who to call for questions

Open Enrollment Period: Oct. 26- Nov.20

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Kaiser Permanente Value Story	12:35
Product Overview <ul style="list-style-type: none">•KPSA with HRA Product Offering•Product Design and Features	12:40
2010 Kaiser Permanente Senior Advantage (KPSA) Benefit Summary	12:45
Bank of America: Health Reimbursement Arrangement (HRA) <ul style="list-style-type: none">•HRA Basics•How to Get Started•HRA Visa® debit card by Bank of America	1:00
Conversion of HRA Funds	1:15
Helpful Telephone Numbers	1:20
Q&A Session	1:25

2010 Benefit Summary

- Highlights of some of the benefit changes for 2010.
- To see full details of your benefits, please refer to your Evidence of Coverage.

Benefit	2009	2010
★ Office Visit	\$15	\$20
Hospitalization	\$250 per admission	\$250 per admission
Inpatient	\$250 per admission	\$250 per admission
Prescription Generic items from a Plan Pharmacy	\$10 for up to a 30-day supply, \$20 for a 31- to 60-day supply, or \$30 for a 61- to 100- day supply	\$10 for up to a 30-day supply, \$20 for a 31- to 60-day supply, or \$30 for a 61- to 100- day supply
★ Hearing Aid(s) Every 36 months	\$2,500 Allowance per aid	\$1,500 Allowance per aid
Optical Eyewear purchased from plan optical sales offices every 24 months	\$150 Allowance	\$150 Allowance

★ Benefit change

Kaiser Permanente Senior Advantage with HRA

Pair the right things together and good things happen. With this plan, you'll get the great quality care people have come to expect from Kaiser Permanente, as well as the peace of mind that comes from taking control of your finances. You'll enjoy:

- A Senior Advantage plan that gives you access to quality care.
- A health reimbursement arrangement (HRA) funded by your employer.
- An HRA Visa[®] debit card issued by Bank of America which you can use to pay for eligible medical expenses using tax-free dollars.*

Note: The tax references in this document relate to federal income tax only. Consult with a qualified professional for tax, investment, or legal advice.

Your HRA

An HRA is a spending account that your employer has funded for you. You can use the HRA to pay for eligible medical expenses for yourself and your KPSA enrolled dependent(s).

- The funds in your HRA account aren't considered part of your income, so they're not subject to federal income taxes.*
- The funds in your HRA account can be used to pay for KPSA premiums, Medicare Part B premiums and other eligible expenses such as copays and prescription drugs.
- For 2010, this amount is up to \$2,400 for each Medicare-eligible retiree and Medicare-eligible dependent. This amount is pro-rated for years of service and age-in status.
- Unused dollars rollover into the next plan year.
- For more details regarding contribution and eligibility, please contact *Hewitt* at 866-994-5567.

Note: The tax references in this document relate to federal income tax only. Consult with your financial or tax advisor for information about state income tax laws. Federal and state tax laws and regulations are subject to change. If tax, investment, or legal advice is required, seek the services of a qualified professional.

Bank of America

With Bank of America as the financial administrator of the HRA, you'll receive:

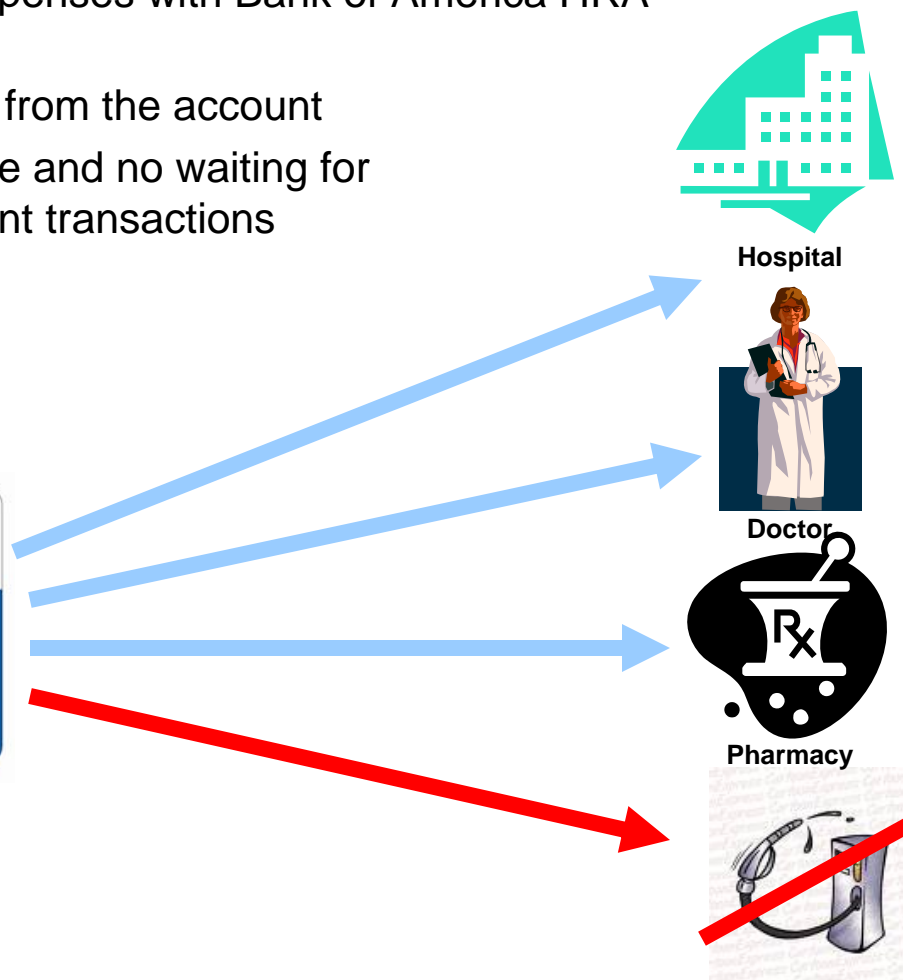
- World-class financial experience.
- Secure online account access, 24/7, at bankofamerica.com/benefitslogin.
- Dedicated customer service
- Secure after-hours access to automated information about account balances, recent claims and transactions.
- Easy replacement of lost or stolen cards through Bank of America's customer service center.
- No set-up fees, usage fees, or charges for additional debit cards.

*Up to four cards per family can be customized.



KPSA with HRA Offers the Convenience of a Debit Card

- Easily pay for eligible medical expenses with Bank of America HRA Visa[®] debit card
 - Funds are deducted directly from the account
 - Virtually no claim forms to file and no waiting for reimbursement for copayment transactions



How do I pay for services?

Payment Method	Action Required
1. Bank of America HRA Visa® debit card at point of service.	You won't be required to file a claim* for HRA reimbursement.
2. Another payment method (e.g. cash, check, or credit card) at point of service.	Submits claim for reimbursement from the HRA + copy of receipt or bill.
3. Split a payment between your Bank of America HRA Visa debit card and another payment method (if your eligible medical expense is greater than the funds available in your HRA account) at the point of service.	Submits claim for partial reimbursement from the HRA +copy of receipt or bill.
4. Online bill pay	Submits claim form + copy of receipt or bill.

- Please remember that when you're submitting HRA claims, further documentation may be required for substantiation. For example, a copy of a receipt or bill.
- Please keep copies of your receipts and bills for substantiation*.

*Substantiation: The Internal Revenue Service requires that all HRA transactions be validated. Therefore, it's very important that you save all your receipts for all your transactions in case your HRA administrator requires additional information.

Example of How Payment Works for a Member

Scenario: Henry is generally healthy and seeks services throughout the year. Here is his experience when he goes in for his office visit, purchases a prescription and pays his bills online:

	Cost of Service*	HRA Annual Account Balance
Henry's original balance	N/A	\$2,400.00
Henry goes to his annual physical exam. He uses his Bank of America HRA Visa® debit card to pay for it.	\$20.00	\$2,380.00
Henry goes online and pays for his monthly KPSA premium.	\$171.00	\$2,209.00
Henry submit a request for reimbursement for his Medicare Part B premium.	\$96.40*	\$2,112.60
Henry forgets his Bank of America HRA Visa® debit but needs to purchase prescription medication. He pays out of pocket and submits a request for reimbursement with Bank of America.	\$10.00	\$2,102.60

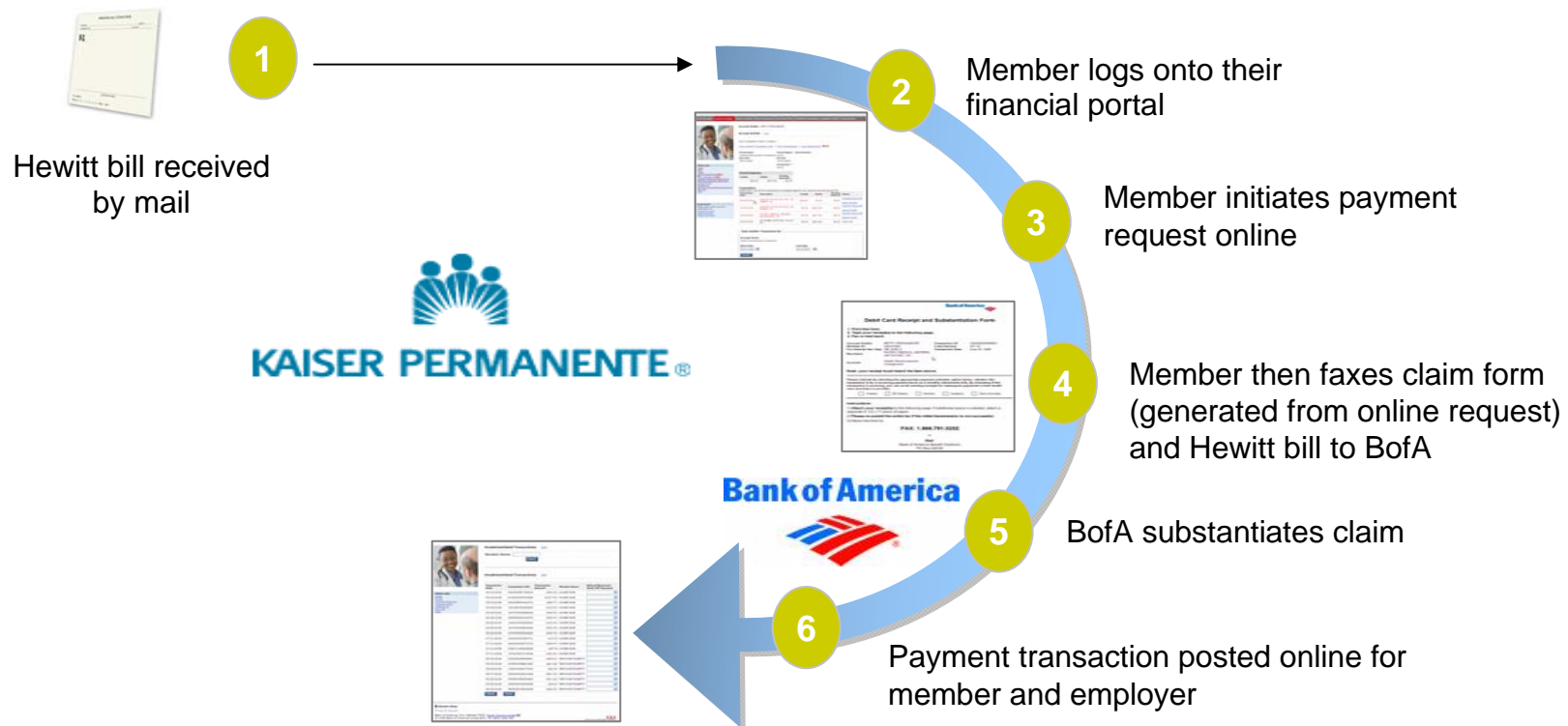
- Contribution is up to \$2,400 for each Medicare Eligible Retiree. This amount is pro-rated for years of service and age-in status.
- When your HRA funds have been used, you'll be responsible for covering any further health care expenses you incur through the end of the plan year.

*2009 Medicare Part B Premium

Member Payment Perspective

Overview of Online Bill Pay Process

- Services available online are also available by calling Bank of America's Customer Service Department.
- The process below illustrates the BofA online bill pay feature.



Note: Member can choose to not access HRA funds and pay for services out-of-pocket with other personal funds.

Substantiation Simplified for Members

- **What is substantiation?**
 - IRS requires that all HRA transactions be validated or *substantiated*.
 - Save all of your receipts in case BofA requires additional information.
- **When will you need to provide a copy of a receipt or bill to BofA?**

Transaction	Send Copy of Receipt/ Bill to BofA
Transactions in co-payment multiples of \$5	No
Inventory Information Approval System (IIAS) authentication (pharmacy transactions)	No
Any transactions <u>not</u> in multiple of \$5	Yes
Online bill pay	Yes
Reimbursement requests (Example: Medicare Part B premium)	Yes

- **Example**
 - Office copay of \$20 = No need to send copy of receipt to BofA. This expense is automatically substantiated.
 - Medicare Part B premium reimbursement = Submit a copy of your bill with your BofA reimbursement form.

Conversion of HRA Funds

Conversion of HRA funds is the process involved when a retiree transitions their existing HRA with Extend Health to BofA.

	Conversion Approach
Debit Cards status	<ul style="list-style-type: none"> •BoA Visa debit card is available for use Jan. 1, 2010.
2010 Claim submission	<ul style="list-style-type: none"> •2010 (new) claims can be submitted to BofA via web/phone.
Balance transfers	<ul style="list-style-type: none"> •Balance file for rollover calculation is sent to BofA.
Prior Year Claims submission (runout)	<ul style="list-style-type: none"> •Participants will continue to submit prior year claims to Extend Health. •Prior year claims submitted to BofA will be declined.
Customer Service	<ul style="list-style-type: none"> •Participants will be working with two HRA administrators during the run-out period. <ul style="list-style-type: none"> •Extend Health: Participants will continue to submit prior year claims to Extend Health through the run-out period. •BofA: Participants will submit any new claims incurred to BofA.
Rollover transfer at end of runout	<ul style="list-style-type: none"> •Balance file is sent from Hewitt to BofA.

Note: Further details will be posted to the LLNS portal.

Getting Started is Easy

Once you enroll into the Kaiser Permanente Senior Advantage with HRA Plan, your employer will set up your HRA account with Bank of America, and arrange for funds to be available to you effective **January 1, 2010**.

Next steps

Existing KPSA Members





- ✓ You'll automatically be enrolled into the KPSA with HRA Plan eff. 01/01/2010 unless you make a different selection during open enrollment.
- ✓ You will not need to submit paperwork to set up your HRA.
- ✓ Please expect a series of Welcome Kits in December.

Next Steps

Prospective Members

- ✓ Please contact **Hewitt, Your Benefits Resource at 866-994-5567** to enroll in Kaiser Permanente for 2010 in addition to any questions you have. And for additional information, you may go to: www.ybr.com/benefits/lins
- ✓ Please contact **Medicare Sales at 800-747-2189** for general KP or benefit inquiries.
- ✓ You will not need to submit paperwork to set up your HRA.
- ✓ Please expect a series of Welcome Kits in December.

Helpful Contacts

	 KAISER PERMANENTE® Senior Advantage	 KAISER PERMANENTE® Medicare Sales	 Your Benefits Resource	Bank of America 
Telephone	1-800-443-0815	1-800-747-2189	1-866-994-5567 (Hewitt)	BofA will not be equipped to answer member specific calls until Jan. 1, 2010. BofA's 800# will be provided in their Welcome Kit.
Hours of Operation	7 a.m. - 8 p.m. (PST), 7 days a week	8 a.m. - 5:30 p.m. (PST) Monday- Friday	5 a.m.-6p.m. (PST) Monday- Friday	5 a.m. – 8 p.m. (PST) Monday- Friday
Website	www.kp.org	www.kp.org	www.ybr.com/benefits/llns	www.benefitsolutions.bankofamerica.com
Example Questions or Issues	<ul style="list-style-type: none"> •Point of contact for existing KPSA members •Assists with general medical benefit questions 	<ul style="list-style-type: none"> •Point of contact for prospective members 	<ul style="list-style-type: none"> •Eligibility •Enrollment Kit •HRA effective date •Annual amount of HRA funding •Conversion: Rollover amnt •Member billing inquiries 	<ul style="list-style-type: none"> •HRA balance •Claims •Substantiation •Reimbursement •Debit card transactions •Eligible HRA expenses •General HRA inquiries*



Note: Bank of America will be the primary area HRA inquiries will be directed to.



- For general information about Kaiser Permanente, please go to www.kp.org

- Reminder...

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- Questions?