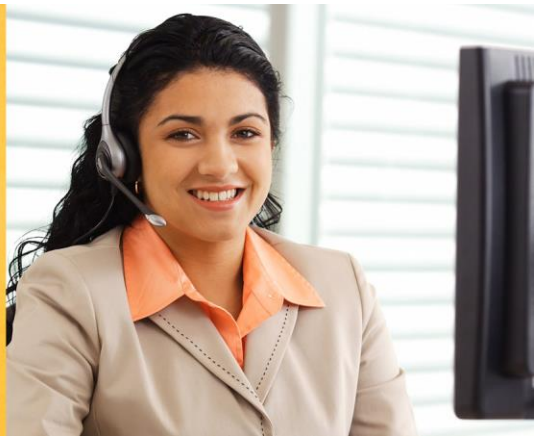
HOW WILL THE CHANGE IMPACT ME AS A PROVIDER?



Some practical points

Initially, Kaiser Permanente will "cut over" in phases that are based on purchaser group categories (see below) and then further refined based on a date of service shown on the claim. This means that for a period of time, claims will be processed on both Kaiser Permanente ClaimsConnect™ and our existing legacy systems, depending on the service date and/or date of admission. Providers will receive Explanation of Payments (EOPs) and payments formatted by the applicable system. However, shortly after final implementation, everything will be handled solely by KP ClaimsConnect. Self-funded employer group billing will continue to be handled by our TPA, Harrington Health.

Phase 1: Small Group and Individual, late Spring 2016
Phase 2: National, Large, Strategic, Federal, and Labor & Trust groups, late Summer 2016
Phase 3: Medi-Cal, Medicare Individual and Group, CHIP, and Special Programs, Fall 2016

Leveraging technology

We have redesigned our EOPs and other provider communications to make them more informative. In addition, we are working on implementing new capabilities, such as a combined mailing of the EOP and check (for providers not utilizing an electronic payment methodology), and the ability to electronically accept greater detail on facility bills.

Enhanced internal communication, using the KP ClaimsConnect Customer Relations Management (CRM) workflow tool

Using CRM, we are configuring the system to more efficiently and effectively distribute claim status information within Kaiser Permanente. CRM will be an internal communication tool that will allow Claims Administration to contact KP internal departments such as Provider Services Administration, Provider Contracting, Medical Review, Referrals and others. These enhancements should allow the Call Center service representatives who manage provider phone calls to have internal access to ancillary departments more quickly and in greater detail when researching the status of a claim or a previous claim inquiry.

What will remain the same?

Providers will continue to interact with the same physicians (and other practitioners) with whom they interact now. The medical determinations around referral authorizations will continue to be made by local Permanente Medical Group practitioners. Providers will continue to work with local service area leaders and contracting department representatives to handle their business needs related to Health Plan members and Kaiser Permanente provider contracts.

What may be different?

The integrated nature of the system is expected to provide greater consistency in administering contract terms and concurrently applying benefits. For example, KP ClaimsConnect has greater ability to administer multiple modifiers on professional bills and additional Medicare fee schedules, such as those for Skilled Nursing Facilities and Home Health. These more specific/detailed types of processes in KP ClaimsConnect may produce slightly different results from legacy claims adjudication. The EOP will provide greater detail than in the past and will be similar across product lines. The CRM workflow software will create new processes to efficiently handle more complex situations, which may generate the need for more detailed input from providers.