Sharp Health Plan HMO/Allied National PPO
Small Group Choice FAQ

What are the Sharp Health Plan HMO/Allied National offerings for small group?

Sharp Health Plan (SHP) has teamed with Allied National Inc. to offer and administer two PPO/HSA products that are underwritten by American Alternative Insurance Corporation.

- **Dual Choice/Dual Class PPO/HSA** – Inside the SHP service area a qualified employer (see below) may sponsor a dual choice or dual class plan offering.

- **Out of Area PPO/HSA** – Employees residing outside the SHP service area may select from either a traditional PPO offering or an HSA offering.

American Alternative Insurance Corporation (AAIC) is a subsidiary of Munich Re America Corporation and an affiliate of Munich Reinsurance America, Inc. AAIC is rate ‘A+’ (Superior) by A.M. Best Co.

How does the Dual Choice/Dual Class PPO/HSA work?

Qualified employers can create either a dual choice or a dual class HMO-PPO/HSA offering.

- In a **dual choice** case, employees are able to choose from among the plans the employer has chosen to make available

- In a **dual class**, all employees in a class are assigned to the same benefit plan (HMO or PPO). For instance, a class could be “owners, officers and partners” and be assigned to the HSA offering.

Dual class and dual choice can co-exist within the same employer.

When offering a dual choice option, the employer selects one of two predefined benefit plan combinations. Each combination consists of a traditional PPO plan and an HSA plan. There are two PPO plans:

(a) $20 office visit copay, $500 deductible, 80/50 coinsurance, $2000/$4000 out of pocket
(b) $30 office visit copay, $1000 deductible, 80/50 coinsurance, $3000/$6000 out of pocket
(c) Both PPO plans outpatient prescription drug benefit will be $150 deductible, 5-tier formulary plan with the maximum benefit tied to the health plan maximum
(d) One HSA plan - $2500 deductible, 80/50 coinsurance, $2500/$5000 out of pocket with deductible integrated outpatient prescription drug plan

The employer chooses which one of the two PPO plans to offer and the HSA plan is always available so that within the dual choice environment there is employee choice of not only HMO or PPO, but which HMO plan or which PPO/HSA plan to choose.*

*In San Diego County, SHP allows the employer to choose any of the HMO plans to create a multiple-choice program. Employers headquartered in southern Riverside County are allowed to offer one SHP HMO plan alongside the PPO/HSA option. Minimum participation must be met in both instances (Pg. 2).

What plans are offered for employees who reside in CA but are outside of the SHP service area (SD & southern Riverside Counties)?

The same two standard PPO and HSA-compatible plans, that are available within the SHP service area, are also available to employees who reside in CA, but outside the SHP service area. The employer chooses which one of the two PPO plans to offer and the HSA plan is always available alongside the PPO plan. An OOA PPO plan is available with a minimum of 1 enrolled subscriber. Allied National includes zips 919, 920, 921, 924, 925, 926, 927 & 928 in the PPO in-service rating area. All other CA zips are included in the PPO OOA rating area.
New Business Quoting & Case Submission

Is there a minimum group size to offer the Sharp HMO-Allied National PPO/HSA options?
Yes – Dual Choice (HMO-PPO/HSA)
  • Small Group (AB 1672 qualified 2-50 lives) – a minimum of 6 total enrolled subscribers with 3 enrolled subscribers in the HMO and 3 enrolled subscribers in the PPO.

For Dual Class, a minimum of at least 2 enrolled PPO or HSA subscribers is required, plus 3 enrolled subscribers in the HMO.

How does a broker or group obtain a quote for the Sharp HMO/Allied National PPO options?
Obtaining a quote is easy. Just as in the past, when obtaining a Sharp HMO quote, the process is the same. Simply submit your quote request to Sharp, or our GA partners, to obtain a quote for both the HMO & PPO dual option plans.

Does an agency or broker need to be appointed with American Alternative before quoting/selling PPO?
Yes, an agency or broker needs to be appointed with American Alternative to sell PPO coverage and also have a commission contract with Allied National. A broker can download the forms or complete them on-line at www.alliednational.com/agent.htm. The forms can be faxed to Allied National at 816-221-4638, scanned and emailed to uas@alliednational.com, mailed to P.O. Box 419254, Kansas City, MO 64141 OR give the appointment form to your Sharp Health Plan Small Group Account Executive or Account Manager.

How can a broker obtain Allied National PPO marketing, group application and member enrollment materials?
A broker can contact their Sharp Account Executive or Account Manager to obtain marketing, group application and enrollment materials, or by call Allied National sales support at 1-888-767-7133. When calling Allied National, be sure to identify yourself as a Sharp Health Plan agent.

PPO & HSA-Compatible High-Deductible Health Plans

How does the PPO deductible, coinsurance, and out-of-pocket maximums work?

In-network – standard PPO plans
  • In-Network deductible for the 2 standard PPO plans ($500 & $1,000 deductible plans) is met by either an individual meeting the individual deductible, or the family meeting 2xs the individual deductible amount in the aggregate.
    Example: Family of 4 enrolled – subscriber meets $500 deductible and goes to coinsurance, spouse incurs $200 of claims, child #1 incurs $200 dollars of claims, and child #2 incurs $100 = $500 + $200 + $200 + $100 = $1,000 = family deductible met
  • In-network coinsurance = 80% in all PPO plan designs
  • Deductibles do not apply to the out-of-pocket coinsurance maximums stated in each plan design.

Out-of-network – standard PPO plans
  • Out-of-network deductible is a separate deductible, and services obtained by providers out-of-network apply to the out-of-network deductible, and do NOT cross-apply to the in-network deductible amount
  • There is no family limit for out-of-network deductibles. Each family member would meet the individual out-of-network deductible before coinsurance would apply.
  • Out-of-network coinsurance = 50% in all PPO plan designs
  • Deductibles do not apply to the out-of-pocket coinsurance maximums stated in each plan
How does the PPO office visit work – the explanation states a $200 limit?
The copay for a primary or specialist office visit applies to services, including lab or x-ray received during the office visit, up to a $200 office visit payment limit. If charges (based on contracted rates in network) exceed $200, those charges are subject to deductible and coinsurance. 90% of all office visit charges stay within the limits, with the member only paying the appropriate office visit copay. Urgent care is considered an office visit, and coverage/cost-sharing is the same as a regular OV.

Note: OV copays do not apply to the deductible or out-of-pocket maximums.

How are diagnostic services covered in conjunction with the office visit in the PPO?
If the diagnostic services are received during an office visit, the copay will apply to all services received during the office visit up to a $200 maximum office visit payment. Any charges in excess of $200 are subject to deductible and coinsurance.

Allied National also offers additional diagnostic services through the LabCard program offered by Quest Diagnostics. If a member uses a Quest Diagnostics laboratory, the $200 limit is eliminated, and the services obtained through LabOne are paid 100% (without any deductible, copay or coinsurance)

Note: the HDHP/HSA-compatible plan requires that a deductible be met before any services are paid for by the carrier; therefore, members in the HDHP will pay the reduced contracted LabCard charges until the deductible is met. These out-of-pocket costs will apply to the HDHP deductible.

How are non-contracted radiology, anesthesiology, & diagnostic services reimbursed when received in a contracted hospital when choice of provider in this case is not available?
Non-contracted radiology, anesthesiology, & diagnostic services in a contracted facility will be reimbursed at the in-network level (80%) after the in-network deductible has been met; however, this reimbursement and the member’s out-of-pocket expense will be applied to the out-of-network deductible and out-of-pocket maximum.

How does the HSA-compatible HDHP work?

• **In-network deductibles in the HDHP** work differently than in standard PPO plans.
  • Subscriber only enrollment (only the employee joins the plan – no dependents enrolled) – meets stated individual deductible
  • Family enrollment – family aggregate deductible must be met before coinsurance applies
  • U.S. Treasury guidelines require an HSA-compatible HDHP to have an integrated medical and Rx deductible before any coinsurance or copay structure applies
  • Deductibles do not apply to the out-of-pocket coinsurance maximums stated in each plan

• **Out-of-network deductibles** work similarly to the standard PPO plans (see above) except the integrated medical/Rx deductible also applies

Is Sharp Health Plan or Allied National administering an HSA to go along with the new high-deductible HSA-compatible medical plan?
Allied National offers on-line HSA administration. The system is Health Direct from Canopy Financial and includes the full set of on-line HSA tools including savings account, on-line provider bill pay and investment accounts as well as tools for managing healthcare needs. Brokers can obtain information and enrollment materials by calling the Allied sales support department at 1-888-767-7133. A broker or individual may also choose any HSA administrator.
**Rx Benefits**

**How does the Allied PPO Rx benefit work?**

<table>
<thead>
<tr>
<th>Tier</th>
<th>Description</th>
<th>Patient Pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Prescribed Over the Counter (Prilosec &amp; Claritan)</td>
<td>$3 copay</td>
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<tr>
<td>1</td>
<td>Generic</td>
<td>$10 copay</td>
</tr>
<tr>
<td>2</td>
<td>Brand Formulary*</td>
<td>$30 copay</td>
</tr>
<tr>
<td>3</td>
<td>Brand Non-Formulary*</td>
<td>$50 copay</td>
</tr>
<tr>
<td>4</td>
<td>Specialty Pharmacy**</td>
<td>50% coinsurance</td>
</tr>
</tbody>
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*There is a $150 brand deductible, separate from the medical deductible, before brand drugs are covered at the copay above.

**Specialty pharmacy includes, but is not limited to, select drugs for treating enzyme deficiency, hemophilia and multiple sclerosis, as well as select types of drugs like blood modifiers (e.g. Epogen, Procrit), growth hormones, IGIV, and Interferons.

In the standard PPO plans, Rx copays and deductibles do not apply to any deductible, coinsurance or OOP maximums. The amount that the carrier pays towards the cost of Rx benefits does apply to the lifetime maximum limits. HSA - compatible HDHP does not allow pharmacy benefits to be paid until the required integrated medical/Rx deductible is met.

**Installation**

**When a dual option case sells, how long does it take for the group/members to receive their ID cards and Explanation of Coverage?**

From the time that the case is sent to installation (meaning final rates have been signed and all case submission paperwork is in order,) ID cards and Explanation of Coverage will be available to deliver to the group for both HMO and PPO subscribers within 10 business days.

Sharp’s small group sales representatives or account managers will personally deliver all initial Sharp HMO and Allied National PPO fulfillment of member ID cards, EOC, etc. to the broker and/or group (at the broker’s direction.)

**PPO Network**

**What hospitals and providers are in the Allied National PPO network?**

Allied National uses the First Health PPO (CCN) national network. You can find these providers by accessing the link available on the Allied National website, going directly to the First Health web-site (www.firsthealth.com) or by calling First Health at 1-888-685-7774.

**How are out-of-area employees and dependents covered under the PPO? Can they access First Health network providers nationally?**

Yes, out-of-area employees and dependents may access First Health network providers nationally. Employers with out-of-area employees have the option of choosing Interplan Health Group when the First Health provider panel does not meet the provider access needs of the out-of-area office locations. Additionally, out-of-network charges will be paid at the 80% level if injury or sickness occurs outside the PPO service area while:
- traveling for 30 days or less, or
- permanently residing outside the service area (long distance commuters), or
- a dependent child is attending school full time outside the service area.
However, the member’s out-of-pocket expenses incurred using out-of-network providers will apply to the out-of-network deductible and out-of-pocket maximum.

How are non-participating providers reimbursed?
Non-participating providers are reimbursed at the 80th percentile of Ingenix U & C (formerly known as HIAA).

Group Billing & Customer Service

How will monthly billing be handled for a dual option HMO & PPO?
The group will receive a bill for the SHP HMO members from Sharp Health Plan, and the PPO members will be billed by Allied National on a separate bill.
Any questions regarding billing should be directed to the appropriate carrier as noted on the bill.

How will customer service for brokers, group administrators, and members be handled in a dual option situation?
• New Business dual option sales and marketing materials are available through your Sharp Health Plan small group account executive or account managers. The Sharp sales department is able to answer questions about both the Sharp small group HMO plans as well as the dual option Allied National PPO plans.
• Sharp sales reps or account managers, post sale/installation, will personally deliver, to the broker or group, the initial new group and member Welcome Packets for both the Sharp HMO and Allied National PPO that will include member ID cards etc.
• Once the dual option group is in force, Allied National will take over servicing the PPO portion of the case via one toll-free telephone number, 1-800-825-7531 that plan sponsors or members can call.
• Any broker, group, or member servicing in conjunction with Sharp HMO will be directed to the current SHP customer service contacts.

Will members receive EOBs from Allied National explaining how a claim was adjudicated; what dollar amounts have been applied to deductibles and OOP maximums, etc.? Are EOBs available on-line?
Allied National will mail members EOBs explaining how the claim was adjudicated and the amounts that have been applied towards deductible and out-of-pocket maximums. Currently, EOBs are not available via email, but claim status and payment detail is available via Allied’s website.

Commissions

How will commissions be paid in a dual-option situation?
Brokers will be paid commissions by Sharp Health Plan on the HMO premium and by Allied National for the PPO & Life portion of the premium. Both Sharp Health Plan and Allied National will pay 7% commissions on medical premium. Sharp issues commissions on the 3rd Friday of the month for the previous month’s premium (i.e. March 16, 2007 for February 2007 paid premium.) Allied National pays commissions on approximately the 12th of the month.

Resources

Can brokers, plan sponsors, and members access Allied National information, contacts, etc on-line?
Yes, brokers, plan sponsors, and members can access information, forms, contacts etc. on-line at www.alliednational.com. Brokers have a direct line to the Allied National sales support department by calling 1-888-767-7133. Plan sponsors and members may call Allied National’s nationwide toll-free telephone number 1-800-825-7531.
Renewals

Will renewing groups, who currently only offer Sharp HMO, be allowed to add PPO/HSA?
Yes, renewing SHP groups, who meet group size and minimum enrollment requirements (as stated in the ‘New Business Quoting & Case Submission’ section of this document - pg. 2), may apply for HMO-PPO/HSA.

It is very important that these requests/cases be submitted as early as possible to ensure that members switching from HMO to PPO are processed quickly. The cut-off date for receipt of this request is the effective date of the renewal. If the request is submitted after the renewal date, any PPO/HSA plan additions may be declined.
Please contact your Sharp Health Plan account manager to assist you with renewals.

Please contact your broker* or your Sharp Health Plan account manager to learn more about the PPO and HSA-compatible options, First Health Network providers, underwriting guidelines and rates. Your broker and/or your Sharp Health Plan Account Manager will help complete and coordinate all case submission paperwork.

*Brokers quoting and selling American Alternative (AAIC) products must be licensed and appointed by American Alternative and contracted with Allied National. Please contact your Sharp Health Plan Account Executives or Account Managers to obtain and/or submit these L & A requirements.