

# Small Group Underwriting Guidelines

## Employer Eligibility

- Must be **actively** engaged in business and be physically located in AvMed Health Plans' approved Service Area.
- Must have, and be willing to prove, the existence of an employer/employee relationship.
- Must have employed an average of at least 1 but not more than 50 eligible employees on business days during the preceding calendar year and employ at least 1 employee on the first day of the plan year.
- The following documents may be provided as verification of employment for all employees not appearing on the UCT-6 or payroll report: W-4 (new hires), 1096 with 1099 (independent contract employees), 1040 Schedule C (sole proprietors), 1065 with K-1 (partnerships), 1120 (corporations) or 1120S with K-1 (S corporations). LLCs should provide the document(s) identified above that correspond to their particular business structure.

## Common Ownership

- Two or more groups can be considered one group if they have the same Federal Tax ID and UCT-6. Otherwise, combined rating will only be allowed subject to receipt of a signed affidavit attesting to at least one of the following: (i) the companies are eligible to file as one employer under Section 414 of the Internal Revenue Code; (ii) the companies meet the definition of a single employer under ERISA; or (iii) the companies are eligible to file taxes as a single employer under state law.

## Employer Contribution

- The employer must contribute a minimum of 50% of the Single premium rate.

## Participation Requirements

- If the employer pays 100% of the single rate, 100% of all eligible employees must have coverage through AvMed Health Plans or through qualifying existing coverage. Otherwise, 75% of all eligible employees, excluding those with qualifying other coverage, must enroll in an AvMed Health Plans' product offering. Employees enrolled in AvMed's Individual Health – Under 65 products will be deemed as having coverage through AvMed Health Plans.

### *Qualifying Existing Coverage is defined as:*

- Coverage through a spouse's employer-based group insurance plan or an ERISA qualified self-insurance plan;
- Medicare;
- CHAMPUS or CHAMPVA

## Rating Requirements

- Groups with fewer than 10 enrolled must submit individual medical questionnaires.
- Groups with 10 or more enrolled may submit a group risk questionnaire in lieu of individual medical questionnaires.

## Employee Eligibility

- Eligible employees are those employees that are permanent and work on a full-time basis with a normal workweek of at least 25 hours, that live or work in AvMed Health Plans' Service Area, and that have met any authorized waiting period requirements.
- Part-time, temporary or substitute employees are not eligible for coverage.
- The number of 1099 independent contractors may not exceed 25% of the total eligible population (i.e. the number of W-2 and 1099 eligible employees combined).
- Coverage must be extended to all employees meeting the underlying conditions. Management carve-outs are not permitted.

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#### ■ Waiting Period Requirements

- Must be consistently applied and not discriminatory to individual employees. Employer groups are prohibited from “waiving” their established Waiting Period requirements at initial enrollment.
- Different Waiting Periods for different classes of employees are considered discriminatory and are therefore prohibited.
- Proposal assumes a waiting period of no longer than the first of the month following 180 days from DOH.

#### ■ Dependent Eligibility

- Domestic partner coverage is not available.

#### ■ Retiree Coverage

- Retiree coverage is not available.

#### ■ Workers' Compensation

- A surcharge will be assessed for groups that do not provide evidence of coverage.

#### ■ Multi-Option Offerings

- Dual Option coverage is available to groups with 4 or more enrolled “Active” employees.
- Triple Option is only available to groups with 15 or more enrolled “Active” employees.
- At least 1 Subscriber must be maintained in each plan in order for the group to renew under a Multi-Option offering.
- A minimum of 1 “Active” employee must enroll (and be maintained) in each product offering (plans with COBRA-only enrollments are prohibited).

#### ■ Rates and Benefits

- Coverage is only available on an exclusive, total-replacement basis.

#### ■ New Business Cut-off Dates

- Groups with less than 4 enrolled subscribers must submit completed paperwork no later than the first of the month, two months prior to the requested effective date.
- Groups of 4-50 enrolled subscribers must submit their completed paperwork no later than the 23<sup>rd</sup> of each month, with a few exceptions as follows: Groups requesting a January effective date must submit their completed paperwork no later than December 15<sup>th</sup>; Groups requesting March or December effective dates must submit their paperwork no later than the 20<sup>th</sup> of the preceding month.
- If any of these dates occur on either a Saturday or Sunday, the cut-off date will be close of business on the Friday prior.

**Please refer to the Submission Deadline Calendars at <http://www.avmed.org/forms.aspx>.**