

# 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.

## 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.

## 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.

Continued on reverse

■ 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 with 4 or more enrolled subscribers must submit completed paperwork no later than the 23rd of each month, with the exception of groups requesting January, March or December effective dates. These groups must submit their completed paperwork no later than the 20th 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>.**