

# Small Group Off Exchange Underwriting Guidelines<sup>1</sup>

## New York

FOR BUSINESSES WITH 1-100 FULL-TIME EQUIVALENT EMPLOYEES



**EmblemHealth** Products

Underwritten by GHI and HIP

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# Small Group Underwriting Guidelines

EmblemHealth's community-rated plans underwritten by Group Health Plan Incorporated, HIP Health Plan of New York, and HIP Insurance Company of New York are available for purchase by qualified small groups.

<p><b>Application</b></p>	<ul style="list-style-type: none"> <li>▪ The initial payment equivalent to one month's premium must be made payable to EmblemHealth and submitted with the new group application form. Only business checks are acceptable forms of payment.</li> <li>▪ New business contract periods will begin on the 1<sup>st</sup> of a month only</li> <li>▪ New business must be submitted by the twenty-third day of the month prior to the requested effective date, e.g. new business with a requested effective date of February 1<sup>st</sup> must be received by EmblemHealth on or before January 23<sup>rd</sup>.</li> <li>▪ Documentation requested by EmblemHealth to determine group or employee eligibility must be supplied within <b>five (5) business days</b> from the date of EmblemHealth's request in order to secure the requested effective date of coverage. If documentation is not supplied within five (5) business days, EmblemHealth will establish an effective date of coverage pending receipt and verification of the data.</li> <li>▪ <b>Family verification</b> EmblemHealth will request a Federal 1040 form and/or a marriage certificate to verify the marriage of two individuals with different last names. In addition, EmblemHealth will require a birth certificate and/or Federal 1040 Form as proof that a dependent is eligible for coverage if the dependent has a last name different from the subscriber.</li> </ul>
<p><b>Benefit Changes</b></p>	<p><b>Benefit downgrades:</b></p> <p>A plan change is a downgrade when the premium rates for the new product are lower than the premium rates for the old product as of the requested plan change date.</p> <ul style="list-style-type: none"> <li>▪ A group can downgrade its coverage at any time during the year <u>except in the three months preceding the contract anniversary date</u>. The effective date of the benefit downgrade will become the group's new anniversary date.</li> </ul> <p><b>Benefit upgrades:</b></p> <ul style="list-style-type: none"> <li>• A group can only upgrade coverage at its contract anniversary date.</li> </ul> <p><b>All plan change requests must be received by EmblemHealth five business days prior to the desired effective date.</b></p>
<p><b>Domestic Partners</b></p>	<p>Domestic partner coverage is available with EmblemHealth.</p> <ul style="list-style-type: none"> <li>▪ A domestic partner will be treated as a dependent.</li> <li>▪ Eligible dependents of the domestic partner may be added.</li> <li>▪ Domestic partners are not recognized by the IRS and may not receive tax benefits afforded to non-domestic partners (e.g., Health Savings Accounts).</li> <li>▪ Domestic partners must submit the following form to EmblemHealth. This form must be notarized.</li> </ul> <ol style="list-style-type: none"> <li>1. EmblemHealth's Declaration of Cohabitation &amp; Financial Interdependence Form (DCFIF). In addition, the partners must also provide three documents showing a similar residence and financial interdependence. The specific list of acceptable documents is shown on the Declaration of Cohabitation &amp; Financial Interdependence Form.</li> </ol>

<b>EmblemHealth Suite</b>	<ul style="list-style-type: none"> <li>▪ Multiple option plans (employee choice at point of enrollment) are allowed, choosing from among any of the products marketed through the EmblemHealth Suite.</li> <li>▪ A group may change the Plan Types offered only on the group's anniversary.</li> <li>▪ An employee may only change the plan option elected on the group's anniversary.</li> </ul>
<b>Rating Tiers</b>	<ul style="list-style-type: none"> <li>▪ EmblemHealth small group business (1 - 100 Full Time Equivalent employees) will be offered on a 4-tier rating basis only.</li> </ul>
<b>Employee Eligibility</b>	<p>Groups must demonstrate an employer/employee relationship for all eligible employees.</p> <p>EmblemHealth evaluates eligibility based on the United States Internal Revenue Service's definition of an employee of an employer group or a bona fide employer member of an association group.</p> <ul style="list-style-type: none"> <li>▪ EmblemHealth defines eligible employees as employees who work 20 or more hours per week. If an employer requires a longer number of hours worked in order to meet eligibility, then EmblemHealth will use the employer's criteria to define eligible employees.</li> </ul> <p>A group must provide proof of employment for each employee at the time of application or at the time of periodic eligibility audits. Each employee to be enrolled must appear on a NYS-45 or NYS-45-ATT. Individuals and/or groups not meeting eligibility requirements as a result of these audits will be terminated.</p> <ul style="list-style-type: none"> <li>▪ The NYS-45 or NYS-45-ATT must be the filed copy for the quarter preceding the desired effective date of coverage. The status of each employee must be indicated on the form as applicable: Full-time, Part-time (less than 20 hours worked per week, Permanent, Temporary, Waiving, Eligible, not-Eligible, Enrolling, Class distinction if applicable).</li> <li>▪ In the absence of providing a NYS-45 or a NYS-45-ATT, the group must provide a signed copy of its full tax return, such as an 1120, 1065, 1120S, LLC or LLP with Schedule K-1, Schedule C or Schedule E.</li> <li>▪ Insurers may not set waiting periods. Employers may set a waiting period for new employees from 0 to 90 days. If the employer has a benefit waiting period, the employer must provide documentation verifying the terms of the waiting period.</li> </ul> <p><b>Two Life Group</b></p> <ul style="list-style-type: none"> <li>▪ A two life group consisting of a husband and wife is considered to be a sole proprietor per Federal guidelines, and is not eligible for Small Group coverage.</li> </ul> <p><b>Recent Hires</b></p> <ul style="list-style-type: none"> <li>▪ In the event that a newly hired employee is not yet listed on filed tax documentation, then a copy of the employee's W-4 or recent payroll check stub must be supplied to qualify for provisional enrollment. If a payroll check stub is supplied, it must include the company name, employee name, number of hours worked and payroll dates. The payroll dates cannot be more than 30 days prior to the date of application.</li> <li>▪ The group must produce tax documents within 90 days after the effective date of coverage to substantiate a recent hire's eligibility. If acceptable documentation is not provided to EmblemHealth, then coverage will be terminated as of the individuals and/or groups original effective date.</li> </ul> <p><b>COBRA Members</b></p> <ul style="list-style-type: none"> <li>▪ COBRA enrollees must supply a letter of election and a copy of their last payroll report.</li> </ul>

## Employer Eligibility

A group must be actively operating its business at all times that EmblemHealth coverage will be in effect.

Small groups must have 1 to 100 Full-Time Equivalent employees for coverage issued or renewed on or after January 1, 2016. Group size is determined by the number of Full Time Equivalent employees for coverage issued or renewed on or after January 1, 2016.

Classes of employees based on “conditions pertaining to employment” are permitted at the option of the employer for policies issued or renewed on or after January 1, 2016. Examples of permissible classes of employees are:

- Hours
- Salaried versus Hourly
- Geographic Location
- Directors, Managers and Shareholders
- Job duties
- Earnings

Group size determination is made on renewal. Fluctuation in the size of the group mid-year does not affect eligibility.

### Two Life Group

- A two life group consisting of a husband and wife is considered to be a sole proprietor per Federal guidelines, and is not eligible for Small Group coverage.

A group applying for a community-rated plan must provide EmblemHealth with all of the following documentation:

- a Federal Employer Identification Number (EIN) and evidence of authority to conduct business in New York State
- confirmation that the group’s worksite(s) is in New York State. Street addresses must be provided even for worksite(s) with post office box listings.

If a new business is not able to supply the data above, then EmblemHealth’s Letter of Certification from the group’s attorney or certified public accountant explaining the specific situation will temporarily suffice. Neither the attorney nor the C.P.A. can be an employee or the relative of an employee of the group. In addition, the Letter of Certification must be accompanied by:

- Articles of Incorporation issued by the State of New York, or
- a certificate to do business issued by the State of New York and
- a payroll record acceptable to EmblemHealth.

The group must produce tax documents within 90 days after the effective date of coverage to substantiate its business operation. Coverage will be terminated if acceptable documentation is not provided within 90 days.

## Enrollment Policy

- New enrollees must enroll within 30 days from the date they are eligible to enroll.
- A newly eligible employee may be enrolled if his or her application is received within 30 days from the initial period of eligibility.
- Employers may set a waiting period for new employees from 0 to 90 days. New groups enrolling with EmblemHealth may waive the waiting period for all employees at the time of initial enrollment.

Eligible employees and/or dependents who do not enroll within 30 days of the date they are eligible to enroll will not be eligible to enroll until the employer’s next annual enrollment period, except in the circumstances below. The enrollment period commences on the anniversary date of coverage and ends after 30 days.

- The individual was covered under another plan or policy at the time the individual was initially eligible to enroll and has lost coverage under the other plan or policy as a result of exhaustion of the period of continuation under State or Federal law or
- The loss of eligibility was related to one or more of the following reasons:
  - termination of employment
  - termination of the other plan or contract

	<ul style="list-style-type: none"> <li>▪ death of the spouse</li> <li>▪ legal separation, divorce or annulment</li> <li>▪ reduction in the number of hours of employment</li> <li>▪ contract holder contributions toward the payment of premium for the other plan or contract were terminated.</li> </ul> <p><b>Open Enrollment Period</b></p> <ul style="list-style-type: none"> <li>▪ Employees are permitted to join the plan, add dependents or make changes (if applicable) during a 30 day open enrollment period, usually at renewal of the group policy.</li> </ul> <p><b>Eligible Dependents include:</b></p> <ul style="list-style-type: none"> <li>▪ Spouses</li> <li>▪ Domestic Partners</li> <li>▪ Dependent Children. A policy providing family coverage shall provide coverage for: <ul style="list-style-type: none"> <li>○ Natural children</li> <li>○ Adopted children</li> <li>○ Stepchildren</li> <li>○ Newborn children</li> <li>○ Children for who the employee has legal custody and are chiefly dependent on employee for support.</li> </ul> </li> <li>▪ Children of an employee are covered until age 26 regardless of financial dependence, residency, student status, employment, marital status, or eligibility for other coverage.</li> <li>▪ Under NY Law, dependents (except for married dependents) may be covered through age 29 through two different options: <ul style="list-style-type: none"> <li>▪ Young Adult Option (Cobra-like coverage elected by dependent)</li> <li>▪ Make-Available Rider (Purchased at the option of the employer)</li> </ul> </li> </ul>
<p><b>Headquarters in New York</b></p>	<p>If a group:</p> <ul style="list-style-type: none"> <li>▪ employs 1 to 100 Full Time Equivalent employees in New York State</li> </ul> <p>then,</p> <p>The group can purchase community-rated coverage for its eligible employees, subject to any applicable service area restrictions.</p> <p>Groups with more than one office/location within the State of New York must identify each location and the employees that work at that location.</p>
<p><b>Headquarters outside New York</b></p>	<p>If a group:</p> <ul style="list-style-type: none"> <li>▪ employs 1 to 100 Full Time Equivalent employees in New York State</li> </ul> <p>then,</p> <p>The group can purchase community-rated coverage for its New York employees, subject to any applicable service area restrictions.</p>
<p><b>Ongoing Qualification</b></p>	<p>Periodic surveys of enrolled small groups may be taken by EmblemHealth and/or EmblemHealth’s designated administrators to ensure that the group is actively operating its business and remains qualified to be enrolled in a community-rated product.</p> <p>The survey can include, but not be limited to, any or all of the following to verify continued eligibility:</p> <ul style="list-style-type: none"> <li>▪ The group’s most recently-filed NYS-45 or NYS-45-ATT</li> <li>▪ Tax documentation as requested by EmblemHealth and/or EmblemHealth’s designated administrators.</li> <li>▪ Payroll information as requested by EmblemHealth and/or EmblemHealth’s designated administrators.</li> </ul>

<b>Participation</b>	<ul style="list-style-type: none"> <li>▪ There is no minimum participation requirement for HMO products.</li> <li>▪ For non-HMO products a minimum of 60% of the eligible employees, excluding waivers, must be covered by EmblemHealth except during the annual open enrollment period from November 15 to December 15 of each year.</li> <li>▪ The 60% threshold will be determined by multiplying the number of eligible employees by .60 and rounding fractions down to the nearest whole number.</li> <li>▪ For groups offering multiple EmblemHealth Suite products, the total number of individuals enrolled in all products will count toward the above minimums. For example, a group with 9 eligible employees has 2 employees waiving coverage, leaving 7 eligible for the purposes of determining participation. Of those 7, 60%, or 4 employees must enroll in order for the group to qualify for coverage. (7 eligible employees x .60 = 4.2, rounded down to 4)</li> <li>▪ Valid waivers for the purpose of determining participation requirements are: <ul style="list-style-type: none"> <li>○ Covered under spousal coverage,</li> <li>○ Covered by Medicare,</li> <li>○ Covered by COBRA</li> <li>○ Covered through the VA</li> </ul> </li> </ul>
<b>Premium Rates</b>	<p>Premium rates are based on the group's New York State worksite location(s). Premium rates are <u>not</u> based on the residence of the employee.</p> <ul style="list-style-type: none"> <li>▪ Premium rates for satellite office(s) within New York State but outside of the principal worksite's rating region will be rated based on the rating region of the satellite office.</li> </ul>
<b>Guaranteed Availability</b>	<p>All policies are guaranteed available to groups year-round.</p>
<b>Guaranteed Renewal</b>	<p>A group will be renewed unless terminated because of the following:</p> <ul style="list-style-type: none"> <li>▪ Fraud or misrepresentation of material facts.</li> <li>▪ Failure to meet an insurer's service area requirements if no employee lives, works or resides in service area.</li> <li>▪ Lapsed membership by a participating group in the association if association group coverage.</li> <li>▪ Inability to meet the definition of permissible group under applicable state and federal requirements.</li> <li>▪ Insurer discontinues a class of contracts or withdraws from the market.</li> </ul>

<sup>1</sup> These guidelines do not encompass Government Sponsored programs that EmblemHealth may offer for sale (e.g., Medicare, Healthy New York, etc.) The product sponsor should be consulted for policies and procedures that are applicable to their products.

*“EmblemHealth provides health benefit coverage and services through its subsidiary companies in New York State: Group Health Incorporated, HIP Health Plan of New York, HIP Insurance Company of New York, GHI HMO Select Inc., The PerfectHealth Insurance Company, Connecticare of New York Inc. and EmblemHealth Services Company, L.L.C.”*