Underwriting Guidelines

Small Group

EmblemHealth®

EmblemHealth 2026 small group insurance plans are underwritten by Health Insurance Plan of Greater New York (HIP).

Highlights

- EmblemHealth covers businesses with one to 100 full-time equivalent (FTE) employees.
- A business must be located within New York state.*
- There are no minimum participation requirements for HMO and POS plans.

*Please refer to the “Covered Counties/Service Areas” section on page 7.

Small Group Underwriting Guidelines

Group Eligibility

To be eligible for small group coverage, a group:

- Must be physically located within New York state.
- Must have at least one but not more than 100 full-time equivalent (FTE) employees.
- Businesses that are not located within the EmblemHealth defined service area must have at least one FTE employee who lives, works, or resides in the defined service area. In such cases, the employer must submit a formal letter, along with proof of employee's residence, requesting coverage for employee(s) who live, work, or reside in the EmblemHealth defined service area.

Employers can provide coverage under policies that are issued or renewed to classes of employees based on conditions pertaining to employment or family status. Examples of conditions pertaining to employment include:

- Hours.
- Salaried versus hourly.
- Geographic site of employment.
- Directors, managers, and shareholders.
- Job duties.
- Earnings.

Certain groups do not meet eligibility requirements for coverage:

- Groups formed for the sole purpose of obtaining health insurance.
- Groups that do not have at least one common-law employee enrolling in coverage. For example:
  - Sole proprietors with no common-law employees.
  - Owner-only groups with no common-law employees. (For purposes of underwriting, an owner is not considered a common-law employee.)
- A two-person group composed of the business owner and their spouse/partner.
- Group where only the owners are applying for coverage and common-law employee(s) are waiving coverage.

EmblemHealth reserves the right to request documentation to demonstrate a group's eligibility for coverage.

Group Size Requirements

Group size is determined based on the federal FTE employee counting method (26 U.S.C. 4980H(c)(2)). This method is the same calculation used to determine employer liability under the Shared Responsibility for Employers provisions of the Affordable Care Act and Internal Revenue Code (IRC). To qualify for small group coverage, the group must have between one and 100 FTE employees. The following basic guidelines may be helpful to determine the FTE employee count. The counting rules are complicated, so the group may want to consult the Internal Revenue Service (IRS) website or a tax professional or attorney.

- Group size is determined by the number of FTE employees over the prior calendar year.
- All entities treated as a single employer under 26 U.S.C. §414(b), (c), (m), or (o) are treated as one employer and all employees are counted together to determine group size.
- A full-time employee for any calendar month is an employee who has on average at least 20 hours of service per week during the calendar month.
- An FTE employee is a combination of employees, each of whom individually is not a full-time employee, but who, in combination, are equivalent to a full-time employee. Employees not enrolled in the group's coverage are counted to determine group size. This includes, but is not limited to, employees who:
  - Are part of a class of employees who are not covered or are covered by a carrier other than EmblemHealth.
  - Receive coverage through their union rather than an employer.
  - Have waived employer coverage and selected other non-employer coverage.
  - Are located in a state other than New York.

The following employees are not counted when determining group size

- Individuals who do not meet the common-law definition under the Department of Labor (DOL) or IRC rules.
- Former employees who are covered through retiree benefits, the Consolidated Omnibus Budget Reconciliation Act (COBRA), or state continuations.
- Special rule for corporations (LLC, S corporations, and C corporations): An eligible common-law employee is not required if the corporation has at least two owners who are not married to each other, and work the minimum number of 20 hours of service per week during the calendar month.

Changes in group size

- Group size determination is made at the time the policy is issued or upon renewal. Changes to the size of a group that occur mid-year do not affect eligibility for the current plan year.
- Groups that no longer meet group size requirements at the time the policy renews will be offered coverage in accordance with their appropriate market segment. The offering of the appropriate product may occur after EmblemHealth sends information about small group renewal options.
- EmblemHealth reserves the right to audit for purposes of group size verification.

Employee and Dependent Eligibility

EmblemHealth small group offerings cover both employees and their dependents based on the following enrollment requirements:

- Employee eligibility is based on the IRS definition of an employee of either an employer group or bona fide employer member of an association group.
- EmblemHealth defines eligible employees as employees who work 20 hours or more per week. If an employer requires employees to work a longer number of hours to meet eligibility, EmblemHealth will use the employer's criteria to define eligible employees.
- Groups must demonstrate an employer/employee relationship.
- Employers can consider temporary or seasonal employees eligible for coverage. This includes a 1099 employee as long as they are considered a common-law employee per DOL and IRS rules and regulations. EmblemHealth may require the employer to certify that these common-law requirements are met.
- At the time of application, EmblemHealth may require additional documentation, including:
  - NYS-45 form.
  - NYS-45 ATT form.
  - Payroll records.
  - 1099-MISC (along with a formal signed letter by an officer/owner of the business).
  - Other appropriate source documentation.

Eligible former employees

Former employees eligible for COBRA or state continuation may enroll for the period allowed by law. Eligible dependents include:

- Spouses.
- Domestic partners.
- Children, including:
  - Biological children.
  - Adopted children.
  - Stepchildren.
  - Newborn children.
  - Children for whom the employee has legal custody including foster children.
  - Children who are chiefly dependent on the employee for support due to certain disabilities.

Children are eligible for coverage until age 26 regardless of financial dependence, residency, student status, employment, marital status, or eligibility for other coverage.

Under New York state law, unmarried children may be covered up to age 29 through either of the two following options:

- **Young adult option**: COBRA-like coverage elected and purchased by or for the young adult.
- **Make-available rider:** Purchased at the option of the employer. The age 29 rider will apply to all plans issued to the same employer group.

Non-eligible employees

- Employees who do not meet the definition of a common-law employee under DOL regulations and IRC rules.
- Former employees who are covered through retiree benefits.
- Temporary or seasonal employees, unless the employer chooses to provide coverage as required.
- Board of director members and stockholders, unless they are also officers of the company and work at least 20 hours per week.

EmblemHealth has the right to verify eligibility of all employees and dependents, including but not limited to the marriage of two individuals with different last names, as well as dependents who have a different last name from the subscriber, by requesting a federal Form 1040, birth certificates, marriage documents, adoptions papers, court orders for dependents, and/or proof of domestic partnership. Other documentation will be accepted and reviewed on a case-by-case basis if the Federal 1040 form or birth certificate is not available to identify a dependent.

Enrollment Policy

Open enrollment

Employees are generally eligible to join the plan, add dependents, or make changes (if applicable, including plan changes) during an annual 60-day open enrollment period prior to the employer's anniversary date.

New employee waiting periods (date of hire policy)

Employers may set a waiting period for new employees from zero to 90 days. New groups enrolling with EmblemHealth may waive the waiting period for all employees at the time of the initial enrollment period.

When an employee or dependent (including the employee's spouse) loses coverage or experiences a qualifying event, they may be eligible for a special enrollment period, outside of the annual enrollment period. The employee or dependent, if eligible, can enroll during the 30-day or 60-day period following the event. Below are the qualifying events.

Thirty-day special enrollment periods

- Termination of employment.
- Termination of another group health plan.
- Marriage.
- Birth.
- Adoption.
- Placement for adoption.
- Termination of spouse's employment.
- Death of a spouse.
- Legal separation, divorce, or annulment.
- A child no longer qualifies for coverage as a child under another group health plan.
- Reduction in hours of employment.
- Employer contributions to the group health plan were terminated for the employee, spouse, or dependents.
- A change in business structure or acquisition.
- Other qualifying events determined by law that apply to EmblemHealth small group plans.

Sixty-day special enrollment periods

- Gain or loss of eligibility for Children's Health Insurance Program (CHIP), Essential Plan, or Medicaid.
- Employee's exhaustion of COBRA or continuation coverage.

Minimum Participation

There are no minimum participation requirements for HMO and POS products.

Waivers

If coverage is being waived due to an employee being enrolled in Medicaid, Medicare, parental or spousal coverage, veteran's coverage, or individual coverage, a valid NYS-45 is still required. Employees with valid waivers are not counted as participating.

EmblemHealth Plan Offerings

- A group may change the plan type offered, such as adding a new plan option, changing current plan options, or purchasing an age 29 rider, subject to benefit change rules.
- A currently enrolled employee may only change the plan option elected on the group's anniversary unless they qualify for a special enrollment period.

Benefit Changes Rules

Benefit downgrade

- When the premium rates for the newly requested plan are lower than the premium rates for the current plan, this is considered a benefit downgrade.
- A group can downgrade its coverage at any time during the year **except in the three months before the contract anniversary date**. The effective date of the benefit downgrade will become the group's new anniversary date. Benefits accumulations will also reset on the new effective date.

Guaranteed Availability and Renewability

All policies are guaranteed available to groups year-round. In addition, all groups will be renewed unless they are terminated for any of the following:

- Fraud or misrepresentation of material facts.
- Inability to qualify for a group health insurance policy under New York state regulations.
- The class of contract is discontinued or EmblemHealth withdraws from the market.
- Such other reasons permitted under the terms of the contract and certificate of coverage.

Premium Rates

Premium rates are based on the group's New York state worksite location(s). If the group is not located within EmblemHealth's defined rating area, then premium rates will be based on the enrolling employee's residence.

Rating Tiers

EmblemHealth small group policies are offered on a four-tier rating basis only.

Documents and application requirements

All new business contracts are effective on the first day of the month. New business needs to be submitted by the 26th of the month prior to the requested effective date to ensure the group is installed on time.

If documentation is not supplied in this time frame, EmblemHealth has the right to establish a future effective date pending receipt and verification of the data.

Required documents

- Employer application.
- Applications or waivers for all employees, including existing COBRA/state continuation coverage enrollees.
- Most recent quarterly wage and tax statement (NYS-45 Form). This information must be supplied within four days of the effective date to verify eligibility. If this form is not available, the following documents should be provided:
  - NYS-45 ATT.
  - Payroll from prior weeks.
  - Signed copy of the employer's full tax return.
- Initial payment for equivalent of one month's premium payable to EmblemHealth by Electronic Funds Transfer (EFT). An Automated Clearing House (ACH) form must be submitted prior to initial payment.
- LLC, C Corp, and S Corp groups will require the following documents:
  - 1040 (Schedule C, E, or F).
  - 1065 (Partnership).
  - 1120S, 1120.
  - Schedule K1.

Documents and Application Submissions

Affiliated brokers/selling agents are required to submit all small group applications and pertinent documentation through our broker portal at **emblemhealth.com/producers**.

Additional Information

Sole proprietor

- A two-life group consisting of a husband and wife is considered a sole proprietor under New York state and federal guidelines.
- Sole proprietors are not eligible for small group coverage.

Domestic partners

- Are eligible for coverage.
- May add their eligible children to the plan.
- Are generally not recognized by the IRS and may not receive the same tax treatment as a spouse.

Recent hires

- In the event a newly hired employee is not yet listed on filed tax documentation, a copy of the employee's W-4 or recent payroll check stub must be provided to qualify for provisional enrollment.
  - The payroll check must include the company name, the employee name, the number of hours worked, and the payroll dates.
  - The payroll dates cannot be more than 30 days prior to the date of the application.

Other allowed small group types

- United Nations missions.
- Religious organizations.
- Household staff.

Group types listed above must still meet all small group eligibility requirements to be considered for small group medical coverage

- EmblemHealth will proceed with enrolling requested employees with the understanding that the employees have fulfilled any applicable waiting period with the employer.
- The group is required to provide tax documents within 90 days after the effective date of coverage to substantiate a recent employee's eligibility.
- Failure to submit acceptable documentation will result in the employee(s), along with all eligible family members, not becoming effectuated into an active coverage status. Therefore, no claims will be paid.

COBRA members

- Employers must provide a letter of election and a copy of the last payroll report of COBRA enrollees.
- EmblemHealth must be notified of the date COBRA coverage began.
- EmblemHealth does not administer COBRA.

Additional Requirements for Healthy New York Small Groups

- Healthy New York is available to groups with one to 50 FTEs over the previous calendar year.
- Groups new to Healthy New York must not have provided group health insurance coverage to their employees within the last 12 months.
- Healthy New York is available only in our defined service area.
- Healthy New York is a standard Gold level plan; no other small group metal plans are available. Healthy New York small groups must meet all Healthy New York requirements as part of the group's recertification. Healthy New York documentation/information is required. If a group is renewing and does not submit the required recertification documents/information by the required date, they will be canceled and will need to reapply for coverage.

New and renewing groups must apply for, and meet, the eligibility requirements for Healthy New York. This includes certain requirements relating to wages, participation, and employer contribution. Groups may be subject to audit at any time during the year and additional documentation may be required.

Out-of-Area Providers

EmblemHealth's service area consists of 28 counties within the state of New York, which are listed on the next page.

- Members enrolled in products included in our Select Care Network may select a participating primary care provider (PCP), or visit a participating specialist (assuming referrals/preauthorization rules are adhered to).
- Emergency hospital services are covered in- and out-of-network.
- Group must still be physically located within New York state to qualify for coverage.

Covered Counties/Service Areas

New York Counties

Bronx

Kings

New York

Queens

Richmond

Rockland

Westchester

Long Island Counties

Nassau

Suffolk

Mid-Hudson Counties

Delaware

Dutchess

Orange

Putnam

Sullivan

Ulster

Syracuse County

Broome

Utica/Watertown County

Otsego

Albany Counties

Albany

Columbia

Fulton

Greene

Montgomery

Rensselaer

Saratoga

Schenectady

Schoharie

Warren

Washington

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