

2018

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# Underwriting Guidelines

SMALL GROUP

*Effective January 1, 2018*



# Sutter Health Plus offers a variety of fully insured non-grandfathered HMO health plans, including high-deductible health plans (HDHPs) designed to be compatible with health savings accounts (HSAs).

Benefit plan designs meet health care reform guidelines and many mirror the tiered metallic plans offered on California's health benefit exchange. Custom plans are not offered for small groups.

## SUTTER HEALTH PLUS SERVICE AREAS

- **Region 1** – Sutter (partial county)
- **Region 2** – Solano, Sonoma (partial county)
- **Region 3** – El Dorado (partial county), Placer (partial county), Sacramento, Yolo
- **Region 4** – San Francisco
- **Region 5** – Contra Costa
- **Region 6** – Alameda
- **Region 7** – Santa Clara (partial county)
- **Region 8** – San Mateo
- **Region 9** – Santa Cruz
- **Region 10** – San Joaquin and Stanislaus

## PARTICIPATION

### Carrier Participation

Sutter Health Plus will offer a quote based on the following:

#### Sole Carrier

- One to five eligible employees (not including owner), employer may only offer Sutter Health Plus

#### Dual Slice Carrier

- Six to 19 eligible employees (not including owner), employer may offer Sutter Health Plus and one additional carrier\*

#### Triple Slice Carrier

- 20 or more eligible employees (not including owner), employer may offer two additional carriers\*

\*With a minimum of 25 percent enrolled with Sutter Health Plus

## Optional Benefits Available

- Acupuncture\*
- Chiropractic\*
- Vision
- Infertility and orthotics and special footwear\*\*

\*Not available with HDHPs.

\*\*Sutter Health Plus offers plans with embedded infertility and orthotics and special footwear benefits.

## ELIGIBILITY

### Employer Eligibility

Employer must meet all applicable state and federal requirements based on the following:

- Employ at least one employee as defined by the Internal Revenue Service (IRS), but no more than 100 full-time and full-time equivalent employees on at least 50 percent of its working days during the preceding calendar quarter or calendar year; this count does not include the owners, officers, partners, board members, etc.
- Employer was not formed primarily for the purpose of obtaining health coverage
- Employees must be covered by workers' compensation when required by law
- Employer offers health plan coverage to 100 percent of its full-time and full-time equivalent eligible employees
- Employer must meet minimum contribution requirements
- Employer must be a person, firm, proprietary, or non-profit corporation, partnership, public agency or association

### Sutter Health Plus Product Combinations

- One to five eligible employees: one plan
- Six to 10 eligible employees: up to two plans\*
- 11 to 19 eligible employees: up to three plans\*
- 20 or more eligible employees: up to four plans\*

\*Up to two (HDHPs) may be offered. Employees can only enroll in one HDHP.

## Contribution

Minimum contribution is 50 percent of the employees' monthly premium for the lowest-cost medical plan offered by the employer (not including optional coverage).

## Employee Wait Periods

Employer determines employee eligibility dates. An employer may impose a waiting period up to 90 days in accordance with state and federal regulations. Benefits are effective the first of the month. Sutter Health Plus will not prorate the month or change the effective date to accommodate an employer's waiting period. If you have questions about rules on waiting periods, please consult your legal counsel.

## Carve-out Populations

- Union and nonunion populations
- Employer with a population covered by a union contract may offer Sutter Health Plus group health coverage to non-union employees
  - Employer must follow the Patient Protection and Affordable Care Act (ACA) guidelines; if the union and nonunion employees total more than 100 full-time or full-time equivalent eligible employees, the group must be written as a large group employer, even if Sutter Health Plus is not covering the entire population
- California-only population

## Live, Work and Reside Rule

All eligible employees and dependents must live, work or reside within 15 miles or 30 minutes from the Sutter Health Plus licensed service area to enroll.

## Employee Eligibility

- Permanent employees actively engaged in employment with an average 30-hour workweek for at least 50 percent of the weeks in the previous calendar quarter
- Eligible employees must receive monetary compensation from their employer (subject to Form W-2 withholdings)
- Eligible employees who have met any statutorily authorized applicable waiting period requirements

## Dependent Eligibility

- Dependents must live, work or reside in the service area
- An employee's spouse or domestic partner of the same or opposite sex (over the age of 18) is eligible pursuant to state law; it is the employer's responsibility to validate eligibility; proof of marriage or domestic partnership is not required
- Dependents may only enroll in the same plan as the eligible employee or retiree

- Children up to age 26, including adopted, step, or recognized natural child or any child for whom the employee has assumed a parent-child relationship, as indicated by intentional assumption of parental status, or assumption of parental duties by the employee, as certified by the employee at the time of enrollment of the child, and annually thereafter up to the age of 26
- Disabled dependent children 26 years of age or older and are incapable of self-support due to a physically or mentally disabling injury, illness or condition which existed prior to age 26 who receive 50 percent or more of their support and maintenance from the employee or employee's spouse or domestic partner may qualify for eligibility; proof of incapacity and dependency must be submitted within 60 days of request
- Eligible employees and dependents who work for the same employer, may enroll separately or together; members will not receive more than 100 percent coverage from all insurers or health care service plans combined

Dependent children who are attending school outside of the Sutter Health Plus licensed service area must return to the service area to receive covered services. Only urgent and emergency care is covered outside the Sutter Health Plus licensed service area.

## Valid Waivers

Employer must obtain a completed waiver for each employee declining coverage for any reason. Valid waivers include:

- Employee is a dependent through a spouse or parent's health plan
- Employee has coverage with another carrier through another employer
- Employee has coverage through Covered California due to subsidy
- Employee's spouse or domestic partner works for the same employer
- Employee has an individual plan through Medi-Cal and Covered California due to subsidy
- Employee has military benefits through TRICARE
- Employee has coverage through a Federal Employee Health Benefits Program

## Ineligible Employer/ Employee Categories

The following categories do not meet the legal standards for California small groups and are considered ineligible:

- Employer with only an owner and partner
- Employer with only an owner and spouse
- Employer where segregation between different populations of employees and benefits are not offered equally
- Associations, except approved guaranteed associations

- Board members
- Hourly bank employees
- Leased employees
- Contract employees
- Seasonal, temporary, and substitute employees who do not meet the ACA definition of an eligible employee

## GENERAL TERMS AND CONDITIONS

### Member Rate Development

- Employees and dependents are rated by age at time of the employer's effective date; age rate adjustments occur at renewal
- New hires are rated by time of enrollment

### Special Enrollment Period

- If an employer does not meet participation or contribution requirements at the time of open enrollment, it may qualify during the annual special enrollment period, Nov. 15 to Dec. 15 each year
- Sutter Health Plus will not decline group health coverage as long as the employer meets all other eligibility guidelines

### Common Ownership

- If two or more employers are affiliated and file a combined tax return, they may request Sutter Health Plus to treat the employers as a single employer under one contract
- The employers must submit documentation showing affiliation, such as:
  - Statement from CPA or attorney
  - Recently filed IRS Form 1120S (IRS Schedule O)
  - Recently filed IRS form 8869
- To remain a small group, all affiliated employers must have a combined total of less than 101 full-time and full-time equivalent eligible employees
- Sutter Health Plus can set up subaccounts for all affiliated employers for accounting purposes

### Mid-year Contract Changes

- Rates are guaranteed for 12 months; employer can terminate or renew its policy prior to the 12-month period
- Extensions of a 12-month rate are not allowed

### Deductible and Out-of-Pocket Accumulation Credits

- Members are not credited for any expenses incurred toward satisfying deductibles or out-of-pocket maximums on any medical plan offered through another carrier

- All deductibles and out-of-pocket maximums reset to \$0 on the accumulation period start date; no credits will be carried over from the previous accumulation period to the next accumulation period

### Member Effective and End Date

- Effective date is the first day of the month
- End date is the last day of the month
- Sutter Health Plus does not begin coverage on a date other than the first of the month except when eligibility is established (special enrollment)

### Employer Location Requirements

- Employer must maintain a valid business license or appropriate state filing to conduct business in the State of California
- If the employer is not headquartered in the licensed service area, Sutter Health Plus will:
  - Base rating on the highest percentage of employees in one region; If two or more regions have the same number of employees, Sutter Health Plus will use the region with the higher priced rating

### Affiliated Employer

If an affiliated employer wants to break away from the single affiliated contract, the following applies:

- The remaining single affiliated employer and the breakaway employer must continue to meet all eligibility requirements
- The remaining single affiliated employer must have at least one employer headquarters and employees in the licensed service area
- The breakaway employer must complete all new employer and employee applications and contracts



For more information, please call Account Services at **855-325-5200** Monday - Friday, 8 a.m. to 7 p.m. or email [shpsales@sutterhealth.org](mailto:shpsales@sutterhealth.org).