

**UNDERWRITING GUIDELINES**

The following underwriting requirements apply to all applications or renewals of coverage on our OHP HMO and our OHI insurance small group products effective Jan. 1, 2018 and forward. The Employer must:

**A. Confirm Oxford is the sole carrier.**

**B. Qualify as a CT Small Employer and as a Group:** “CT Small Employer” means any person, firm, corporation, limited liability company, or partnership, actively engaged in business or self-employed, that has a Full-Time Equivalent (FTE) count of at least one but not more than fifty, in the calendar year preceding the effective date of coverage. At least one eligible employee needs to be residing in the state of Connecticut at the start of the plan year, with at least one eligible employee (1) residing in the state of Connecticut at the start of the plan year, and (2) enrolled in the employee benefit plan. Companies that are affiliated companies, as defined under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 as amended, or that are eligible to file a combined tax return for purposes of taxation under chapter 208, shall be considered one employer. Please note that in order to qualify as a “Group” under the Employee Retirement Income Security Act (ERISA), an employer must have employees other than the business owner and a spouse of a business owner who are eligible to purchase coverage under the plan documents. Pursuant to 29 C.F.R. 2510.2-3(b), an “employee benefit plan” does not exist if no “employees” are covered by the plan.

- a. **Definition of Eligible Employee:** “Eligible employee” means an individual employed by the Employer, and eligible under the employee health benefit plan. Pursuant to 29 C.F.R. 2510.3-1 and 29 C.F.R. 2590.732(d) an “employee” does not include the business owner or a spouse of the business owner, unless at least one other person is employed and enrolling in the employee benefit plan - there must be at least one eligible employee enrolling in the employee benefit plan, who is not the business owner, or a spouse of the business owner, or a 1099 Independent Contractor. In addition, “Eligible employee” does not include (i) any person who does not live, work, or reside in the United States, (ii) co-employees of a Professional Employer Organization (PEO), Employee Leasing Company (ELC) or other such entity that is a co-employer with a client of client-site employees.
- b. **Counting for Group Size:** The State of CT follows the Federal Full Time Equivalent (FTE) counting method: The FTE count of an employer shall be determined by adding: (i) the number of employees that work at least thirty hours per week; and (ii) the number of full time equivalent employees calculated by dividing the aggregate number of hours of service of employees who work less than thirty hours per week by 120, for each month of the prior calendar year, and averaging such total for the calendar year. For the purposes of determining the employees to be included under this subdivision: (i) Companies that are affiliated companies, as defined under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 as amended, or that are eligible to file a combined tax return for purposes of taxation under chapter 208 shall include all their combined employees; (ii) employees covered through the employer by health insurance plans or insurance arrangements issued to or in accordance with a trust established pursuant to collective bargaining subject to the federal Labor Management Relations Act shall be included; (iii) employees who are not actively at work but are covered under the small employer’s health insurance plan pursuant to workers’ compensation, continuation of benefits pursuant to section 38a-554 or other applicable laws shall not be included; and (iv) seasonal workers who worked 120 days or fewer in the calendar year shall not be included.
- c. **Independent Contractors:** A CT Small Employer may elect to offer coverage to their 1099 independent contractors, but there must be at least one eligible common law employee enrolling in the employee benefit plan. The employer must complete a UnitedHealthcare 1099 Form or provide the IRS 1099-MISC Tax Form for each 1099 employee (depending on length of employment with company).

**C. Certify financial solvency:** The employer certifies that they are not currently in bankruptcy or reorganization, and are in full compliance with all loan agreements and credit facilities to which the employer is a party. The

employer certifies that they have not had a group health policy or health maintenance organization contract terminated within the past 12 months due to failure to pay premiums.

**D. Maintain enrollment:** The employer agrees to offer coverage to all eligible employees, and that only those employees or former employees and their spouse or dependents that are eligible for coverage will be enrolled. Any employee who is not actively at work, but is covered under the small employer's health insurance plan pursuant to (i) workers' compensation, (ii) continuation of benefits pursuant to section 38a-554, or (iii) other applicable laws are eligible to enroll for the period allowed by law. If the employer offers retiree benefits, all eligible retired former employees can be enrolled. Minimum enrollment for group coverage is one eligible employee of a qualified small group.

**E. Meet requirements for:**

- a. Situs Rules:** At least one eligible employee needs to be residing in the state of Connecticut at the start of the plan year. To be eligible for small group coverage, a group must be located in our CT Oxford Service Area. The Oxford Service Area consists of the counties where we are licensed and authorized to sell products and have approved products and rates. Members covered through our OHP products must live, work or reside in the Oxford Service Area. For our OHI products, an Expanded Service Area allows members to live, work or reside in areas outside of the Oxford Service Area.
- b. COBRA or State Continuation:** The employer confirms that not more than 10 percent of the enrollees are former employees enrolled under COBRA or State Continuation.
- c. Retirees:** The employer confirms that not more than 10 percent of the enrollees are eligible retired former employees (definition of eligible retiree required).

**F. Verify participation & contributions:** The employer must have 75 percent of the eligible employees enroll into the health plan, excluding valid waivers\*, and must contribute at least 50 percent of the total premium for all employee-only health coverage. Applications from new small groups that fail to meet minimum participation or contribution requirements may only be submitted between November 1 and December 31 for coverage starting in January of the following year.

\* All ineligible employees, and eligible employees that are waiving coverage due to valid waivers (signed waivers required), are subtracted from the total number of employees when determining participation percentage. Valid waivers include: spousal coverage, parental coverage, Medicare, Medicaid, State/Government policies (i.e. Veteran's insurance) that are paid at 100 percent, or Individual Exchange coverage (provided the total cost minus any subsidies of the exchange plan is less than the employee cost of the group plan).

**G. Select an effective date:** The employer must select an effective date on the first or the fifteenth of the month. Please note: For a first of the month effective date, coverage must be approved by the 10<sup>th</sup> of the (effective) month. For a 15<sup>th</sup> of the month effective date, coverage must be approved by the 25<sup>th</sup> of the (effective) month.

**H. Provide new business deposit:** The employer acknowledges that a deposit equal to one month's premium is required for new business applications.

**I. Submit all requested documentation within the appointed timeframe:** We require documents from new groups as part of a group's initial enrollment and for groups making changes on renewal. If documents are not provided within the required timeframe, the group will be denied enrollment. Most documentation can be submitted using IDEA, our online enrollment tool. We also may audit a new or renewing group before or after enrollment/renewal. If post enrollment/renewal, an audit shows the group did not meet the requirements at the time of enrollment and was not eligible for coverage, the group will be terminated.

- a. Waiver and Employee Documentation:** All eligible employees must be documented, regardless of whether an employee is enrolling or waiving coverage.
  - i. If a new employee is not on the UC5A, provide their date of hire and/or employment contract, and two weeks of payroll or paystubs. Payroll documents are only accepted for new hires

within the current quarter

- ii. If an existing employee is not on the UC5A, and is not a new hire, provide reason the employee is not on the UC5A. Owners may be asked to provide prior year business tax docs

**b. New Business Group Documentation:**

i. New Partnership:

- Partnership agreement and their percentage of ownership for each Partner. Must be signed and dated within one year to be valid
- 2 weeks most recent payroll journal – No W4's
- SS4 for new business obtaining EIN

NOTE: LP and LLPs cannot consist of all K1s, so must have at least one W2 Eligible Employee to be eligible for Small Group coverage.

ii. Existing Partnership:

- IRS Schedule K1 (Form 1065) – include all K1's totaling 100 percent ownership
- UC5A for existing W2 employees, and 2 weeks payroll journal or paystubs for new employees not listed on the UC5A; include documentation for all employees who are waiving coverage

NOTE: LP and LLPs cannot consist of all K1s, so must have at least one W2 Eligible Employee to be eligible for Small Group coverage.

iii. New S Corp, C Corp or LLC:

- Articles of Incorporation or Organization
- SS4 for new business obtaining EIN
- Operating agreement or CT Business Registration form, showing 100 percent of ownership, signed and dated
- 2 weeks payroll journal or paystubs for W2 employees; include documentation for all employees who are waiving coverage

iv. Existing S Corp, C Corp or LLC:

- One of the following:
  - Form 1120 with Schedule G
  - 1125E OR form 1120S with K1 totaling 100 percent
- UC5A for existing W2 employees, and 2 weeks payroll journal or paystubs for new employees not listed on the UC5A; include documentation for all employees who are waiving coverage

v. Non-Profit Company:

- Most recent quarter federal IRS Form 941 and current two-week payroll report (or SS4 if 941 is not available)
- A letter from the organization confirming nonprofit status, a list the employees, and the location of the office where the employees currently work

**c. Professional Employer Organization (PEO) Group Documentation:**

i. For groups terming their relationship with a PEO:

- We'll need a copy of the term letter addressed to the PEO.
- SS-4 form to confirm their EIN# and original business start date.
- Two weeks of current payroll from the new payroll provider beginning the first business day after the PEO contract end date.

ii. For groups that have Payroll ONLY administered through a PEO:

- UC5A or payroll (new hires only) listing the employees that are specific to the employer and contain no employees from any other company.

NOTE: If the employer cannot provide the Health plan with a specific tax document or payroll, we will assume they are employees of the PEO/Leasing Company and may not be considered eligible for coverage.

- If the group is part of a PEO/Leasing company as a Co Employer, the PEO/ELC Employer Questionnaire form must be completed in full.

Please note:

- All groups moving from a PEO must be reviewed by Underwriting before they are approved.
- All PEO groups are reviewed on an individual basis.
- We reserve the right to request additional documentation from the prospective group.

**d. Common Ownership Group Documentation:**

- i. For groups looking to combine companies due to filing a consolidated Federal Tax return, they must complete a Common Ownership/ Oxford Verification form, signed and dated.
- ii. The group must provide the K1s or other business tax forms for all companies to confirm 100 percent ownership.

**NOTE: It is not feasible to cover all possible employment circumstances in the above list of documents. UnitedHealthcare reserves the right to request additional documentation, if needed, to confirm eligibility.**

**No Group should cancel their current coverage until they receive approval from UnitedHealthcare's Enrollment Department.**

Quoted rates are not an offer or guarantee of coverage. All quotes are based on the census data provided. Approval of coverage and final rates will be based on actual enrollment. The rate quote is subject to change if: (i) benefits are changed or a different product is selected, (ii) enrollment data differs from the data used for the quote, (iii) materially inaccurate information has been provided, (iv) if the effective date of coverage is changed; (v) or, any other contingency of coverage required by law or contract. Total rates may also differ based on rounding in the calculations. An Oxford new business quote is not valid if the group already has a UnitedHealthcare policy in force with same issuer.

**IMPORTANT:** New small group business will be subject to the PPACA requirements affecting small employer group health plans, including Adjusted Community Rating, Essential Health Benefits, PPACA taxes/fees, Prohibition of Pre-existing Conditions, Deductible limits, and Out of Pocket Maximums. State law may be more restrictive or have additional requirements from those required under PPACA.

**The employer understands and acknowledges that this application and any subsequent addenda (including but not limited to, any member enrollment forms, employee waivers and any subsequent renewal certifications), would become part of the Group Policy and Group Enrollment Agreement issued by Oxford, and that any material misrepresentation (whether intentional or unintentional) within the application or addenda may subject a group to termination.**

**These requirements may be updated from time to time and are subject to regulatory approval.**