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New Jersey 1–50
Underwriting brochure

Plans effective January 1, 2014
For businesses with 1–50 eligible employees

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Underwriting guidelines

This material is intended for brokers and agents and is for informational purposes only. It is not intended to be all inclusive. Other policies and guidelines may apply.

Note: State and federal legislation/regulations, including Small Group Reform and ACA, take precedence over any and all underwriting rules. Exceptions to underwriting rules require approval of the regional underwriting manager. This information is the property of Aetna and its affiliates ("Aetna"), and may only be used or transmitted with respect to Aetna products and procedures, as specifically authorized by Aetna, in writing. All underwriting guidelines are subject to change without notice.

Case Submission Dates	• New business case submissions must be received by Aetna on the 25th of the previous month for 1st of the month effective dates and by the 10th of the month for 15th of the month effective dates. • Any case received after the cutoff date will be considered on an exception basis only, as approved by the Underwriting Unit manager. If not approved, the effective date will be moved to the next available effective date with potential rate impact.
Census Data	• Census data must be provided on all eligible employees, including enrolled, waivers and COBRA/state continuation. • Include name, date of birth and gender for each employee, spouse and child, date of hire, dependent status, residence ZIP Code and employee work location ZIP Code. • Retirees are not eligible. • New business rating will be based on final enrollment. • COBRA/state continuation enrollees should be included on the census and noted as COBRA/state continuation.
COBRA/State Continuation Enrollees	• COBRA coverage will be extended in accordance with federal legislation/regulations. • Employers with fewer than 20 employees (full- and part-time) are eligible to offer state continuation. • Employers with 20 or more employees (full- and part-time) are eligible to offer COBRA coverage. • COBRA applies to employers who employed 20 or more employees on more than 50 percent of its typical business days in the previous calendar year. - Include: full-time, part-time, seasonal, temporary, union, owners, partners, officers - Exclude: self-employed persons, independent contractors (1099), directors - Each part-time employee counts as a fraction of an employee, with the fraction equal to the number of hours a part-time employee worked divided by the hours an employee must work to be considered full-time. • Because COBRA is directed at employers, the decision to comply with COBRA should be made by the employer. In situations where it may appear the employer is not subject to COBRA, for example, a three-life group requesting COBRA, Aetna will ask the employer to "validate" the number of employees in the prior calendar year in order to determine the number of employees for COBRA purposes. • Life, disability and/or voluntary dental – COBRA/state continuation enrollees are not eligible. • Eligible enrollees are required to be included on the census. • Provide the qualifying event, length, start date and end date. • Note: COBRA/state continuation enrollees are not to be included for the purpose of counting employees to determine the size of the group. Once the size of the group has been determined, according to the law applicable to the group, COBRA/state continuation enrollees can be included for coverage subject to normal underwriting guidelines.

Dependent Eligibility

Eligible dependents include:

- Spouse, domestic partner and same-sex civil union partner:
  - If both employee and spouse/partner work for the same company, they may enroll together or separately.
  - If an employee and spouse/partner work for the same company, refer to Employee Eligibility section.
- Children:
  - Medical and dental:
    - Dependent children are eligible, as defined in plan documents, in accordance with applicable state and federal laws up to age 26, regardless of financial dependency, employment, eligibility of other coverage, student status, marital status, tax dependency or residency. This requirement applies to natural and adopted children, stepchildren and children subject to legal guardianship.
    - Children can only be covered under one parent's plan when both parents work for the same company.
    - When the child works for the same company as the parent, the child may enroll separately as an employee OR as a dependent under the parent's plan.
    - Grandchildren are eligible if court ordered. A copy of the court papers must be submitted.
    - At the election of the employer, dependents beyond age 26 may remain on their parent's New Jersey fully insured medical plan through age 30, until their 31st birthday. To be eligible, the parents of the over-age dependent must be actively covered under a New Jersey-issued group health contract. This does NOT apply to small groups sitused in another state, regardless of where the employee resides. Eligible dependents must be the insured's child (by blood or by law) and must meet the following criteria:
      - Is younger than 31 years of age
      - Is unmarried
      - Has no dependents
      - Is a resident of New Jersey OR is enrolled as a full-time student
      - Is not provided coverage as a named subscriber, enrollee or covered person under any other health plan (cannot be entitled to Medicare)
      - Elects coverage before his or her 30th birthday
      - The employee completes the New Jersey mandated form to enroll dependents up to the age of 31.
  - Life – dependent children are eligible from 14 days up to their 19th birthday or to their 23rd birthday, if in school.

Additional requirements:

- Marriage and birth certificates may be requested to verify family eligibility.
- Dependents are not eligible for AD&D or disability coverage.
- For medical and dental, dependents must enroll in the same benefits as the employee (participation not required).
- Employees may select coverage for eligible dependents under the dental plan, even if they selected single coverage under the medical plan. See product-specific Life/AD&D and disability guidelines under Product Specifications.
- Individuals cannot be covered as an employee and a dependent under the same plan.

Dual Option and Triple Option (medical only)	• Dual and Triple option offerings are available. • One person must enroll in each plan. • Calendar-year and plan-year deductible plans are not available together. If multiple HSA plans are offered within a group, they must all be calendar-year or plan-year plans.
Effective Date	• The effective date must be the 1st or the 15th of the month. • The effective date requested by the employer may be up to 60 days in advance.
Electronic Funds Transfer (EFT)	• Payment for the first month's premium at new business can be processed via an electronic funds transfer/ACH. • Once the group is issued, customers can pay their monthly premiums online or by calling an automated phone number, **1-866-350-7644**, using their checking account and routing number. There is no extra charge for this service.
Employee Eligibility	• Eligible employee means a full-time, bona fide W-2 common law employee who works a normal work week of 25 or more hours. The term excludes a sole proprietor, a partner of a partnership, or an independent contractor and does not include employees who work less than 25 hours a week, work on a temporary or substitute basis or are participating in an employee welfare arrangement pursuant to a collective bargaining agreement. • Employee excludes a sole proprietor, a partner in a partnership and a two percent S corporation shareholder as well as immediate family members of such individuals. Employee also excludes a leased employee. • If the employer's employee eligibility criteria definition differs from the above definition (more than 25 hours), the employer's actual definition must be provided on the Aetna Employer Application at the time of new business submission. Note: The normal workweek cannot be less than 25 hours. • Participation is based on the number of employees working 25 hours or more. • Employees in the waiting period are not included in the count when determining the group size. • If an employee and dependent work for the same company and elect to enroll as employee and dependent, applicable documentation to determine dependent's actual employee eligibility status must be provided as any other employee of the group (that is WR-30, partnership document, W-2 and payroll stub). • Union employees who have collectively bargained for their health plan are excluded as eligible employees for the purpose of health coverage. • Employees not eligible for coverage include leased, part-time, temporary, seasonal or substitute employees, 1099 independent contractors, uncompensated employees, employees making less than equivalent minimum wage, volunteers, inactive owners, directors, shareholders, officers, outside consultants, managing members who are not active, investors or silent partners. • For life and disability only – employees who are both disabled and away from work on the date their insurance would otherwise become effective will become insured on the date they return to active full-time work one full day. • An employee can waive medical coverage and still enroll for dental, life/AD&D and disability. **Retirees** • Retirees are not eligible. • Medicare-eligible retirees who are enrolled in an Aetna Medicare plan are eligible to enroll in standard dental plans in accordance with the dental underwriting guidelines.

Employer Eligibility

"Small employer" means:

a) In connection with a group health plan with respect to a calendar year and a plan year, any person, firm, corporation, partnership, or political subdivision that is actively engaged in business that employed an average of at least one but not more than 50 eligible employees on business days during the preceding calendar year and who employs at least one eligible employee on the first day of the plan year.

OR

b) In connection with a Group Health Plan with respect to a Calendar Year and a Plan Year, an employer with a business location in the state of New Jersey who employed an average of at least 1 but not more than 50 employees on business days during the preceding calendar year; and who employs at least 1 employee on the first day of the Plan Year.

With respect to (a) and (b) above, any person treated as a single employer under subsection (b), (c), (m) or (o) of section 414 of the Internal Revenue Code of 1986 (26 U.S.C. § 414) shall be treated as one employer.

- In the case of an employer that was not in existence during the preceding calendar year, the determination of whether the employer is a small or large employer will be based on the average number of eligible employees that the employer expects to employ on business days in the current calendar year.
- At the time of application, the determination of whether an employer is a small employer shall be based upon the small employer's completed New Jersey Small Employer Certification form.
  i. If an employer qualifies as a small employer in the immediately preceding calendar year, the employer shall be considered a small employer regardless of the status of the employer on the date of application or the effective date of coverage so long as it employs at least two employees on the first day of the plan year.
  ii. If an employer did not qualify as a small employer in the immediately preceding calendar year, the employer shall not be considered a small employer, regardless of the status of the employer on the date of application or the proposed effective date of coverage, if any.
  iii. In the case of an employer that was not in existence during the preceding calendar year, the determination of whether the employer is a small or large employer shall be based on the average number of eligible employees that it is reasonably expected that the employer will employ on business days in the current calendar year. An employer that was not in existence during the preceding calendar year must have at least two eligible employees when completing the employer certification and on the first day of the plan year to be considered a small employer.
- The definition of an employee is now one W-2 common law employee. This accommodates an owner with at least one eligible W-2 common law employee.
- Sole proprietors, owners of "S" corporations, and partners in a partnership qualify for coverage if there is at least one "eligible" W-2 employee other than the owners.
- Husband and wife groups are not eligible based on the federal definition of a group. To be considered a group health plan, there must be at least one eligible W-2 employee other than the owner and the spouse. The spouse of the owner is not considered an employee, even if paid as a W-2 employee. The owner and spouse are both considered to be owners and are eligible for individual coverage.
- C-Corps are eligible as long as there is at least one W-2 employee including owners. If the only employees are owners and they are W-2, the group is eligible. Husband and wife C-Corps are eligible if they are W-2.

Employer Eligibility (continued)

- The group must have 75 percent participation including valid waivers.
- Organizations must not be formed solely for the purpose of obtaining health coverage.
- Associations, Taft-Hartley groups, professional employer organization (PEO)/employee leasing firms and closed groups (groups that restrict eligibility through criteria other than employment) and groups where no employer/employee relationship exists are not eligible.
- Dental and disability have ineligible industries that are listed separately under the Product Specifications section. The dental ineligible list does not apply when dental is sold in combination with medical.

Examples

LLC Father and son No W-2 EEs	Not eligible
Sole Proprietor, Corporation or LLC 1 owner 1 eligible W-2 EE	Eligible
LLC 1 owner 3 eligible W-2 EEs 1 W-2 EE is the spouse Owner and spouse are the only 2 enrolling 2 others waiving	Eligible as long as the 2 waiving have valid waivers
Corporation 1 owner enrolling W-2 EEs waiving	Eligible as long as the 2 waiving have valid waivers

More Examples

1 Owner and 1 eligible W-2 EE (non-owner)	Eligible
5 Owners, all K-1s, no W-2 EEs	Not eligible
2 Owners, both K-1s & 2 W-2 non-owner EEs	Eligible
1 Sole Proprietor and 1 W-2 spouse	Not eligible
1 Sole Proprietor and 1 spouse non W-2	Not eligible
2 Partners, no W-2 EEs	Not eligible
C Corp – 2 owners, both W-2	Eligible
C Corp – 1 W-2 owner, 1 W-2 EE waiving	Eligible
S Corp – 2 owners, both K-1	Not eligible

Initial Premium	• The initial premium should be in the amount of the first month's premium and may be in the form of a check or electronic funds transfer (EFT). • Submit a "copy" of the initial premium check payable to Aetna Inc. or complete the ACH/EFT form. • If the EFT method is selected, the initial premium will be withdrawn from the checking account when the group is approved. This is a one-time authorization for the first month's premium only. If a copy of the check is provided, once coverage is approved, you will be advised where to mail the initial premium check. • The initial premium check is not a binder check and does not bind Aetna to provide coverage. • If the request for coverage is withdrawn or denied due to business ineligibility, participation and/or contributions not met, the premium will be returned to the employer. • If the initial premium check is returned by the bank for nonsufficient funds, the standard termination process will be followed.
Licensed, Appointed Producers	• Only appropriately licensed agents/producers appointed by Aetna may market, present, sell and be paid commission on the sale of Aetna products. • License and appointment requirements vary by state and are based on the contract state of the small employer group being submitted. • To get appointed with Aetna go to **www.aetna.com/insurance-producer/index.html** and click Start Working with Aetna.
Medicare (MSP) for CMS Reporting	• Each year, all carriers must report to CMS (Centers for Medicare & Medicaid Services) the number of Medicare Secondary Payer (MSP) groups and the number of employees, based on the number of employees provided by the employer. • Medicare Secondary – 20 or more employees: Medicare Secondary Payer (MSP) is the term used by Medicare when Medicare is not responsible for paying first. This is generally when the Aetna plan would pay primary to Medicare for active employees and would pay first when there are 20 or more total employees (full- and part-time) for 20 or more weeks during this calendar year or prior calendar year. • Both full- and part-time employees are counted based on the number the employer employed for at least 20 or more calendar weeks during the current or prior calendar year. - Include: full-time, part-time, seasonal, temporary, union, owners, partners, officers - Exclude: self-employed persons, independent contractors (1099), directors, leased employees
Municipalities and Townships	• A township is generally a small unit that has the status and powers of local government. • A municipality is an administrative entity composed of a clearly defined territory and its population, and commonly denotes a city, town or village. A municipality is typically governed by a mayor and city council, or municipal council. **Underwriting requirements** 1. Quarterly Wage and Tax Statement (QWTS). 2. W-2 – Elected or appointed officials and trustees "may" be eligible for group coverage based on the charter or legislation. If so, they may not be on the QWTS; rather, they may be paid via W-2 and must provide a copy of their W-2. 3. If elected officials are to be covered, provide a copy of the charter or contract indicating which classes or employees are to be covered, the minimum hours required to work per week to be eligible for coverage, and confirmation that coverage will be offered to all employees meeting the minimum number and that participation will be maintained.

Newly Formed Business (in operation less than 3 months)	Newly formed businesses must provide the following documentation:	
	Sole proprietor	A copy of the business license (not a professional license)
	Partnership or limited liability partnership	A copy of the Partnership agreement
	Limited liability company	A copy of the articles of organization and the operating agreement to include the signature page(s) of all officers
	Corporation	A copy of the articles of incorporation that includes the signature page(s) of all officers
	Each newly formed business must also provide: • Proof of employer identification number/federal tax ID number; and • Quarterly Wage and Tax Statement. If not available, provide the date when will one be filed; and • Four most recent payroll records that include hours worked, taxes withheld, check numbers and wages earned; or • A letter from an attorney or CPA with the following information: 4. A list of all employees, to include owners, partners, officers (full time and part time) 5. Number of hours worked by each employee 6. Weekly salary for each employee 7. Date of hire for each employee 8. Have payroll records been established? 9. When will a Quarterly Wage and Tax Statement be filed?	
PEO (Professional Employer Organization) Groups Covered Under a PEO	• As long as the PEO provides payroll specific to the small group and we can determine it is a small group even though the small group may be reported under the PEO tax ID, the group may be considered, subject to underwriting approval.	
Plan Change Ancillary Additions	• Requests to add or change ancillary benefits must be requested by the desired effective date. • The future renewal date of the ancillary products will be the same as the medical plan renewal date.	
Prior Aetna Coverage	• Groups that we have terminated for nonpayment may require six months of premium with application and must pay all premiums still owed on the prior Aetna plan before the new plan will be issued.	
Rating	• Rates are tabular and based on final enrollment using information provided on enrollment forms. • If any of the information we receive is determined to be incomplete or incorrect, we reserve the right to adjust rates.	

Replacing Other Group Coverage	• Provide a copy of the current billing statement that includes the account summary. • For dental, also provide a copy of the benefit summary to verify major and orthodontic coverage for Standard 2 to 9 eligible employees and Voluntary 3 to 50 eligible employees. • The employer should be told not to cancel any existing coverage until they have been notified of approval from Aetna Underwriting.
Signature Dates	• The Aetna Employer Application and all employee applications must be signed and dated before and within 90 days of the requested effective date. • All employee applications must be completed by the employee himself/herself.
Spinoff Groups (current Aetna customers leaving an Aetna group only)	We will consider the group with the following: • A letter from the group or broker indicating the group is enrolling as a spinoff. Letter needs to include the name of the group they are spinning off from. • Ownership documents showing that the spinoff company is a newly formed separate entity.
Tax Information/ Documents	**Groups with 1 to 5 enrolling** Employees must provide a copy of the most recent Quarterly Wage and Tax Statement (QWTS) containing the names, salaries, etc., of all employees of the employer group. • Newly hired employees should be written in on the QWTS and signed by the employer. • Employees who have terminated or work part time must be noted accordingly on the QWTS. • Reconciled QWTS must be signed and dated by the employer. • If a QWTS is not available, explain why and provide a copy of payroll records. **Groups with 6 to 50 enrolling employees** • QWTS not required. **Seasonal Business** • Seasonal industries such as lawn and garden services, construction, concrete and paving, golf courses, farm laborers, etc., must provide four consecutive quarters of wage and tax reports to verify consistent, continuous employment of eligible employees. **Churches** • Churches must provide Form 941, including a copy of the payroll records with employee names, wages and hours, that must match the totals on Form 941. **Non-Profit** • Non-profit groups may provide payroll documents as long as they also submit the appropriate form detailing their non-profit status. **Sole proprietors, partners, owners and officers** • Sole proprietors, partners and corporate officers not listed on the QWTS need to complete Aetna's Small Group Proof of Eligibility Form (located at **www.aetna.com/employer-plans/small-business/index-smallgroup.html**) and submit one of the following identified documents. This list is not all inclusive. The employer may provide any other documentation to establish eligibility. • Other documentation may be requested by Aetna Underwriting upon receipt and review of sold case documents.

Tax Information/ Documents (continued)	**Corporate officer** **• S-Corporation**	• IRS Form 1120 S Schedule K-1 along with Schedule E (Form 1040) • IRS Form 1040 ES (Estimated Tax) (S-Corp) • Articles of Incorporation if established within 2 years – corporate officers must be listed • Any other documentation the owner would like to provide to help determine eligibility
	Corporate officer **• C-Corporation** **• Limited Liability Company (LLC) operating as C Corp**	• If the officers/owners are on the quarterly wage and tax statement, no additional documents are needed • 1120 (Corporation Income Tax Return) • 1120A (Corporation Short-Form Income Tax Return) • Articles of Incorporation if established within 2 years – corporate officers must be listed • Any other documentation the owners would like to provide to help determine eligibility
	Corporate officer **• Personal Service Corporation**	• IRS Form 1120 W (Personal Service Corp) • Articles of Incorporation if established within 2 years – corporate officers must be listed • Any other documentation the owners would like to provide to help determine eligibility
Total Average Employees		• For new business sold cases, be sure and answer the question on the Aetna Employer Application. • For any states where the question is not included on the Aetna Employer Application, please complete the Addendum to New Business Input Document (Total Average Employee form) available on Producer World® at **www.aetna.com/employer-plans/small-business/index-smallgroup.html**. • The prior year form must be completed. For example, on January 1, 2014, we will require the 2013 form. We cannot accept the 2012 form.
Two or More Companies – Affiliated, Associated or Multiple Companies, Common Ownership		Employers that have more than one business with different tax identification numbers (TINs) may be eligible to enroll as one group if the following are met: • One owner has controlling interest of all business to be included; or • The owner files (or is eligible to file) an Affiliations Schedule, IRS Form 851, and a combined tax return for all companies to be included. If they are eligible but choose not to file Form 851, please indicate as such. • A copy of the latest filed tax return must be provided; and • All businesses filed under one combined tax return will be considered a single group. For example, if the employer has three businesses and files all three under one combined tax return, then all three businesses must be enrolled for coverage, as long as you have one decision maker and the total eligible for all groups does not exceed 50. If the request is for only two of the three businesses to be enrolled, the group will be considered a carve-out. • There are 50 or fewer employees in the combined employer groups. • A completed Common Ownership Associated Companies form is submitted. • Businesses with equal controlling interest may be considered, if the owners of the company designate an individual to act on behalf of all the groups. Please have a Multiple Companies form completed. • Underwriting reserves the right to final underwriting review, and may consider common ownership on a case-by-case basis. **Example** One owner has controlling interest of all companies to be included: Company 1 – Jim owns 75 percent and Jack owns 25 percent. Company 2 – Jim owns 55 percent and Jack owns 45 percent. Both companies can be written as one group since Jim has controlling interest in both.

Waiting Period

- The employer decides whether or not to impose a waiting period.
- The benefit waiting period (BWP) for future employees may be the 1st or 15th of the month following 0, 30, 60, or exactly 90 days following the date of hire.
- Changes to waiting period are allowed on anniversary only.
- No retroactive changes will be allowed.
- Aetna does not have a date of hire BWP.
- One or two benefit waiting periods may be selected and must be consistently applied within a class of employees as defined by the employer, such as management versus non-management, hourly versus salaried, etc.
- Benefit waiting periods must be consistently applied to all employees, including newly hired key employees.
- For new hires, the eligibility date will be the first day of the policy month following the waiting period, not to exceed 90 days following the date of hire.
  - If "0" days is selected and the employee is hired on the 1st of the month, the effective date will be the date of hire.
  - If "Exactly 90 Days" is selected, the enrollment eligibility date will begin 90 calendar days from the date of hire.

Examples	1st of the month following the BWP	15th of the month following the BWP
0 days	Date of hire: 4/1 Effective date: 4/1 Date of hire: 4/18 Effective date: 5/1	Date of hire: 4/1 Effective date: 4/15 Date of hire: 4/18 Effective date: 5/15
30 days	Date of hire: 4/18 Effective date: 6/1	Date of hire: 4/18 Effective date: 6/15
60 days	Date of hire: 4/18 Effective date: 7/1	Date of hire: 4/18 Effective date: 7/15
90 days	Date of hire: 4/18 Effective date: 7/16 not 8/1 – exactly 90 days from the date of hire	Date of hire: 4/18 Effective date: 7/16 not 8/15 – exactly 90 days from the date of hire

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Product Availability	• May be written stand-alone or with ancillary coverage as noted in the following columns.	**1 life** • Not available. **2 eligible employees** • Standard dental available with medical. • Voluntary dental not available. **3 to 50 eligible employees** • Standard and voluntary available with or without medical. • Stand-alone available. • Stand-alone dental has ineligible industries that are listed separately under the SIC Codes section of the guidelines. **Orthodontic coverage** • Available for standard and voluntary plans with 10 or more eligible employees with a minimum of 5 enrolled employees for dependent children only.	• Must meet the qualifications of a small business. • The same employer eligibility guidelines that apply to medical will apply to basic term life and packaged life/ disability coverage. • Employees may elect basic term life or the packaged life/ disability coverage even if they do not elect medical coverage. • Basic term life and packaged life/disability cannot be offered as a dual option. **Term life** • 1 life not available. • 2 to 9 eligible employees – available if sold with medical. • 10 to 50 eligible employees – available if sold with medical or dental. • 26 to 50 eligible employees on a stand-alone basis. **Packaged life and disability** • 2 to 50 eligible employees if sold with medical. • 10 to 50 eligible employees on a stand-alone basis. • A plan sponsor cannot purchase both life and packaged life and disability plans. • Product packaging rule is a group level requirement. Employees will be able to individually elect life or packaged life and disability insurance even if they do not elect medical coverage.

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Carve-Out/ Excluded Class	• Union employees are the only eligible excluded class. Be sure and include the local name and number. Eligible employees **do not include** employees who are covered as members under a union's collectively bargained welfare arrangement. **But if** the employee's union has not collectively-bargained for health coverage, *or* the employee has decided not to participate in the collectively-bargained health coverage even though eligible, *and* he or she also works 25 or more hours per week on a regular basis, *then* you must include the union employee in the count of eligible employees. **Example** NJ based group of 80 full-time eligible employees 50 of the 80 are covered under a collective bargaining agreement 30 remaining non-union employees – this would be a 30 life group	• Union employees if packaged/sold with medical.	• Union employees if packaged/sold with medical.
Employer Contribution	• 10% of the annual cost of the health benefits plan. • Groups that do not meet contribution are eligible to enroll during open enrollment, November 15 through December 15, for a January 1 effective date.	• 25% of the total cost of the plan or 50% of the cost of employee-only coverage. • If the employer pays 100%, the group is not eligible for a voluntary plan and would get a standard plan. • Coverage can be denied based on inadequate contributions.	• 2 to 9 eligible employees – 100% of the total cost of the basic life plan excluding optional dependent term life. • 10 to 50 eligible employees – At least 50% of the total cost of the plans excluding optional dependent life. • 2 to 50 eligible employees – Coverage can be denied based on inadequate contributions.

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Late Applicants	• An employee or dependent enrolling for coverage more than 31 days from the date first eligible or more than 31 days from the qualifying event is considered a late enrollee. Applicants without a qualifying life event (that is, marriage, divorce, newborn child, adoption, loss of spousal coverage, etc.) are subject to the late entrant guidelines as noted below. • Voluntary cancellation of coverage is NOT a qualifying event. For example, if a spouse is covered through his/her employer and voluntarily cancels the coverage, it is not a qualifying event to be added to the other spouse's plan. The spouse who cancelled the coverage must wait until the next plan anniversary date to be eligible to be added.		
	• Late applicants will be deferred to the next plan anniversary date of the group and may reapply for coverage 30 days prior to the anniversary date.	• An employee or dependent may enroll at any time; however, coverage is limited to preventive and diagnostic services for the first 12 months. • No coverage for most basic and major services for the first 12 months (24 months for orthodontics). • Late entrant provision does not apply to enrollees less than age five.	• Late applicants will be deferred to the next plan anniversary date of the group and may reapply for coverage 30 days prior to the anniversary date. • The applicant will be required to complete an individual health statement/ questionnaire and provide EOI. • Life late enrollee example: • Group has $50,000 life with $20,000 guarantee issue limit. Late enrollee enrolling for $50,000 would not automatically get the $20,000. Since the applicant is late, he/ she must medically qualify for the entire $50,000.
Live/Work Situs	• Eligible employees who live or work in CT, DC, DE, MD, NJ, NY, PA and VA (the situs region) will receive the same rates and benefits as the headquarter's location. • Situs does not apply to Savings Plus plans.	• Eligible employees who live or work in CT, DC, DE, MD, NJ, NY, PA and VA (the situs region) will receive the same rates and benefits as the headquarter's location.	• Not applicable.

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Out-of-State Employees	• Any employee located in CT, DC, DE, MD, NJ, NY, PA, VA (situs area) but not residing in an Aetna Health Network Only (HNOnly)/Health Network Option (HNOption) and/or Open Access Elect Choice (OA EPO)/ Open Access Managed Choice (OA MC) network will be enrolled in an indemnity benefit plan. • Any active employee who lives and works in a state other than within the group situs area (CT, DC, DE, MD, NJ, NY, PA, VA), is considered an out-of-state employee. • Out-of-state employees must be enrolled in an OA EPO/OA MC/MC plan if available; otherwise, an indemnity plan. • Hawaii and Vermont – health coverage is not available. • Louisiana residents – employees residing in Louisiana are required to have a separate plan quoted and sold based on Louisiana rates and benefits. These employees are still underwritten as part of the group; however, the plans and rates for the Louisiana members will not be based on where the employer is located. This will require a Louisiana employer and employee applications to be completed.	• Members who reside out of state (OOS) will receive the same plan as in-state members (based on state rules and network availability). This applies to DMO, PPO and FOC dental plans. • If an OOS member resides in a state that does not allow the in-state plan, those members will be placed into an available PPO or indemnity plan.	• Employees are eligible for the same life plan selected by the employer.

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Participation	• 75% participation rounding up, and then exclude valid waivers. Valid waivers are: - Spousal group - Parental group - Medicare - Medicaid - NJ Family Care - Tricare - Retiree coverage through a previous employer - Second full-time job with group coverage - Surviving spouse - State Health Plan **Example** 22 lives, 2 covered under spouse 22 x 75% = 16.5 = 17 rounding up 17 – 2 (covered under spouse) = 15 must enroll to meet participation • Groups that do not meet participation are eligible to enroll during open enrollment, November 15 through December 15, for a January 1 effective date. • Dependent participation is not required. • Employees waiving must complete a waiver. • Other group coverage sponsored by the same employer will not count toward satisfying the 75% participation requirement.	**Noncontributory plans** • 100% participation excluding spousal waivers. **Standard contributory with medical or stand-alone (round to the nearest)** • 2 to 3 – 100% excluding spousal waivers. Minimum of 2 eligible employees must enroll. • 4 to 50 – 75% excluding spousal waivers. Minimum of 2 and 50% of total eligible employees must enroll. **Voluntary contributory with medical or stand-alone (round to the nearest)** • 3 to 50 – minimum 30% excluding spousal waivers with a minimum of 3 enrolled. • If a group does not qualify for a standard plan and has 30% or more participation, then group qualifies for voluntary. **Standard and Voluntary** • Employees may select coverage for eligible dependents under the dental plan even if they elected single coverage on the medical plan or vice versa. • Coverage can be denied based on inadequate participation.	**2 to 9 eligible employees** • 100% participation **10 to 50 eligible employees** • Noncontributory – 100% participation • Contributory – 75% participation **Stand-alone Life** • 75% participation is required. **All** • COBRA and state continuees are not eligible. • Retirees are not eligible. • Employees may elect life insurance even if they do not elect medical coverage, and the group must meet the required participation percentage. If not, then life coverage will be declined for the group. • Coverage can be denied based on inadequate participation.

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Plan Change Group Level	• Plan anniversary date only.	• Dental plans must be requested 30 days prior to the desired effective date. • The future renewal date of the change will be the same as the medical plan anniversary date.	• Packaged life/disability must be requested 30 days prior to the desired effective date. • Non-packaged plans are only available on the plan anniversary date. • The future renewal date of the change will be the same as the medical plan anniversary date.
Plan Change Employee Level	• Employees are not eligible to change plans until the group's open enrollment period, which is upon their annual renewal (except for qualified special enrollment events).	• Freedom-of-Choice – may change from DMO to PPO and vice versa at any time but must be received in Aetna Underwriting by the 15th to be effective the next month.	• Employees are not eligible to change plans until the group's open enrollment period, which is upon their annual renewal (except for qualified special enrollment events).
Rate Guarantee	• Medical rates are guaranteed for one year (12 months).	• Dental rates are guaranteed for one year (12 months) unless the anniversary date of the dental is different than the medical. If the dental product is added off the original medical anniversary date, this does not apply.	• Life rates are guaranteed for one year (12 months).

Product specifications

	Medical	Dental	Basic Life/AD&D, Packaged Life and Disability
Standard Industrial Classification (SIC) Codes	• All industries are eligible.	• All industries are eligible if sold with medical. • The following industries are not eligible when dental is sold stand-alone or packaged only with life. 7933 – 7933 Bowling Centers 8611 – 8611 Business Associations 7911 – 7911 Dance Studios, Schools 7361 – 7363 Employment Agencies 7999 – 7999 Miscellaneous Amusement/ Recreation 8699 – 8699 Miscellaneous Membership Org 8999 – 8999 Miscellaneous Services 7991 – 7991 Physical Fitness Facilities 8811 – 8811 Private Households 8621 – 8651 Professional Membership Organizations, Labor Unions, Civic Social and Fraternal Orgs, Political Orgs 7941 – 7948 Professional Sports Clubs & Producers, Race Tracks 7992 – 7997 Public Golf Courses, Amusements, Membership Sports & Recreation Clubs 8661 – 8661 Religious Organizations 7922 – 7929 Theatrical Producers, Bands, Orchestras, Actors	• Basic term life – all industries are eligible. • Packaged life/disability and/or disability only – the following industries are not eligible. 3291 – 3292 Asbestos Products 7500 – 7599 Automotive Repairs/ Services 8010 – 8043 Doctor's Offices Clinics 2892 – 2899 Explosives, Bombs & Pyrotechnics 3480 – 3489 Fire Arms & Ammunition 5921 Liquor Stores 8600 – 8699 Membership Associations 1000 – 1499 Mining 7800 – 7999 Motion Picture/ Amusement & Recreation 9999 Nonclassifiable Establishments 3310 – 3329 Primary Metal Industries 6531 Real Estate – Agents 6211 Security Brokers 7381 Service – Detective Services 8800 – 8899 Service – Private Household

Dental only

Coverage Waiting Period

Standard 2 to 9 eligible employees and Voluntary 3 to 50 eligible employees

- PPO and indemnity plans – for major and orthodontic services employees must be an enrolled member of the employer's plan for one year before becoming eligible.
- DMO – there is no waiting period.
- Discount plans do not qualify as previous coverage.
- Future hires – waiting period applies regardless if takeover for voluntary plans.
- Virgin group (no prior coverage) – the waiting periods apply to employees at case inception as well as any future hires.
- Takeover/replacement cases (prior coverage) – provide a copy of the last billing statement and schedule of benefits in order to provide credit. If a group's prior coverage did not lapse more than 90 days prior, the waiting periods are waived. In order for the waiting period to be waived, the group must have had a dental plan in place that covered major (and orthodontic, if applicable) immediately preceding our takeover of the business.

Example

Prior major coverage but no orthodontic coverage.
Aetna plan has coverage for both major and orthodontic.
The waiting period is waived for major services but not for orthodontic services.

Standard 10 to 50 eligible employees

- No waiting period.

Product Packaging

- The DMO in plan options 2 and 10 can be offered with any of the PPO plans in plan options 4 – 6 and 9 in a Dual Option package.
- New Jersey groups with 25 or more eligible employees, the DMO in plan options 1A, 1B, 2A – 4A, 4B and 5A cannot be sold on a stand-alone basis to a customer with primary business location in New Jersey. It must be part of a Dual Option sale packaged with one of the PPO plans in plan options 11A, 11B, 11C, 12A, 12B, 13A, 13B, 13C, 14A – 16A and 16B. For groups with fewer than 25 eligible employees, the DMO in plan options 1A, 1B, 2A – 4A, 4B and 5A can be offered with any of the PPO plans in plan options 11A, 11B, 11C, 12A, 12B, 13A, 13B, 13C, 14A – 16A and 16B in a Dual Option package.
- Refer to the Plan Guide Dental footnotes page. Plan features and availability may vary by location and are subject to change.

Dental only

Open Enrollment	An open enrollment is a period when any employee can elect to join the dental plan without penalty, regardless if they previously declined coverage during the first 31 days of initial eligibility. **Standard with medical or stand-alone** • 2 to 9 eligible employees – no open enrollment. An employee or dependent can enroll at any time but is subject to the Dental Late Entrant provision if enrollment occurs other than within 31 days of first becoming eligible unless a qualifying life event has occurred or the enrollee is less than age five. • 10 to 50 eligible employees – employees/dependents who do not enroll when initially eligible are now eligible to enroll during a subsequent open enrollment period without being subject to the late entrant provision. **Voluntary with medical or stand-alone** • Not allowed. An employee or dependent can enroll at any time but is subject to the Dental Late Entrant provision if enrollment occurs other than within 31 days of first becoming eligible unless a qualifying life event has occurred or the enrollee is less than age five.
Reinstatement (applies to voluntary plans only)	• Members once enrolled who have previously terminated their coverage by discontinuing their contributions may not re-enroll for a period of 24 months. All coverage rules will apply from the new effective date including, but not limited to, the coverage waiting period.

Life and packaged life & disability only

Continuity of Coverage
(no loss/no gain)

- The employee will not lose coverage due to a change in carriers. This protects employees who are not actively at work during a change in insurance carriers.
- If an employee is not actively at work, Aetna will waive the actively-at-work requirement and provide coverage for a maximum of 12 months from the policy effective date, except no benefits are payable if the prior plan is liable. If the employee has not returned to active work prior to the end of the 12-month period, conversion must be offered.

Job Classification (Position Schedules)

- Varying levels of coverage based on job classifications are available for groups with 10 or more lives.
- Up to three separate classes are allowed (with a minimum requirement of three employees in each class).
- Items such as probationary periods must be applied consistently within a class of employee.
- The benefit for the class with the richest benefit must not be greater than five times the benefit of the class with the lowest benefit even if only two classes are offered. For example, a schedule may be structured as follows:

Position/Job Class	Basic Term Life Amount	Packaged Life & Disability
Executives	$50,000	High Option
Managers, supervisors	$20,000	Medium Option
All other employees	$10,000	Low Option

Evidence of Insurability (EOI)

Evidence of insurability (EOI) means the person must complete an individual health statement and may have to submit medical evidence via medical records at their expense. EOI is required when one or more of the following conditions exist:

1. Life insurance coverage amounts requested are above the guaranteed standard issue limit.
2. Late entrant – coverage is not requested within 31 days of eligibility for contributory coverage.
3. New coverage is requested during the anniversary period.
4. Coverage is requested outside of the employer's anniversary period due to qualifying life event (that is marriage, divorce, newborn child, adoption, loss of spousal coverage, etc.).
5. Reinstatement or restoration of coverage is requested.
6. Dependent coverage option was initially refused by employee but requested later. The dependent would be considered a late entrant and subject to EOI, and may be declined for medical reasons.
7. Requesting life or disability at the individual level and person is a late enrollee even if enrolling on the case anniversary date. Late enrollees are not eligible for the guarantee issue limit.

Example

Group has $50,000 life with $20,000 guarantee issue limit.
Late enrollee enrolling for $50,000 would not automatically get the $20,000.
Since the applicant is late, he/she must medically qualify for the entire $50,000.

Actively-at-Work

- Employees who are both disabled and away from work on the date their insurance would otherwise become effective will become insured on the date they return to active full-time work one full day.

Life and packaged life & disability only

Guaranteed Issue Coverage

- Aetna provides certain amounts of life insurance to all timely entrants without requiring an employee to answer any medical questions. These insurance amounts are called "guaranteed issue."
- Employees wishing to obtain increased insurance amounts will be required to submit evidence of insurability, which means they must complete a medical questionnaire and may be required to provide medical records.
- On-time enrollees who do not meet the requirements of evidence of insurability will receive the guaranteed issue life amount.
- Late enrollees must qualify for the entire amount and are not guaranteed any coverage.

Medical Underwriting

New business medical evaluation

- At new business time, any dependents enrolling for coverage are guaranteed issue and not subject to EOI.
- Employees wishing to obtain insurance amounts above the guaranteed issue amounts listed below will be required to submit evidence of insurability (EOI), which means they must complete an individual health statement/questionnaire.

Guarantee issue amounts

Case Size	Basic Term Life Amount
2 to 9 eligible employees	$20,000
10 to 25 eligible employees	$75,000
26 to 50 eligible employees	$100,000

- Only those employees who have an unacceptable medical condition will be reduced to the guaranteed issue amount. The rest of the employees will be issued the higher amount if they medically qualify.

Example

Applying for $50,000
54-year-old male
Heart attack 6 months ago, no surgery
Reduced to $20,000 life
All other employees will be issued $50,000

Life and packaged life & disability only

New Hire – On-Time	• New hires wishing to obtain insurance amounts above the guaranteed issue amounts will be required to submit evidence of insurability (EOI), which means they must complete a medical questionnaire. • If the employee has unacceptable medical conditions, the employee will be reduced to the guaranteed issue amount.
New Hire –Late Enrollee	• Late applicants will be deferred to the next plan anniversary date of the group and may reapply for coverage 30 days prior to the anniversary date. • The applicant will be required to complete an individual health statement/questionnaire and provide evidence of insurability (EOI). • Late enrollees must qualify for the entire amount and are not guaranteed any coverage. **Life late enrollee example** Group has $50,000 life with $20,000 guaranteed issue limit. Late enrollee enrolling for $50,000 would not automatically get the $20,000. Since the applicant is late, he/she must medically qualify for the entire $50,000.

This material is for information only and is not an offer or invitation to contract. An application must be completed to obtain coverage. Rates and benefits may vary by location. Health/Dental benefits, health/dental insurance, life and disability insurance plans/policies contain exclusions and limitations. Health information programs provide general health information and are not a substitute for diagnosis or treatment by a physician or other health care professional. Plan features and availability may vary by location and group size. Investment services are independently offered through HealthEquity, Inc. Aetna HealthFund HRAs are subject to employer-defined use and forfeiture rules and are unfunded liabilities of your employer. Fund balances are not vested benefits. The Aetna Personal Health Record should not be used as the sole source of information about the member's medical history. Discount programs provide access to discounted prices and are NOT insured benefits. The member is responsible for the full cost of the discounted services. Plan for Your Health is a public education program from Aetna and The Financial Planning Association. Providers are independent contractors and not agents of Aetna. Provider participation may change without notice. Aetna does not provide care or guarantee access to health services. Not all health, dental and disability services are covered. See plan documents for a complete description of benefits, exclusions, limitations and conditions of coverage. Plan features are subject to change. Aetna receives rebates from drug manufacturers that may be taken into account in determining Aetna's Preferred Drug List. Rebates do not reduce the amount a member pays the pharmacy for covered prescriptions. Information is believed to be accurate as of the production date; however, it is subject to change. For more information about Aetna plans, refer to **www.aetna.com.**

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