



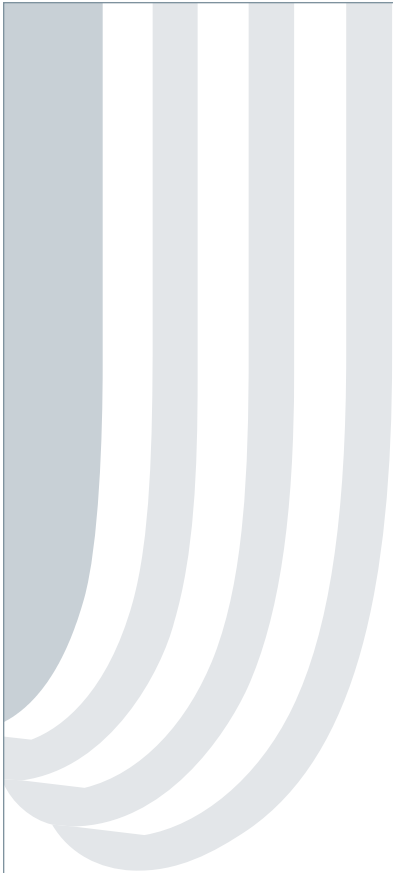
Underwriting Guidelines

CALIFORNIA
Small Business
2–50 Employees
Effective May 1, 2013



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We are proud of our commitment to agents throughout California. We recognize the value you bring to small business and your critical role in our relationship with small business employers. Our staff is dedicated to servicing your needs and those of the employer.

The information in this guide is intended as a tool designed to help you better understand:

- ▶ Medical underwriting requirements
- ▶ Post-sale administrative options and eligibility provisions

Medical Underwriting Requirements

Medical Underwriting requirements may change and Medical Underwriting reserves the right to request additional information as it deems necessary. In addition, if there are discrepancies between this document and any employer contract or *Certificate of Coverage/Evidence of Coverage*, the contract or *Certificate of Coverage/Evidence of Coverage* will prevail.

Category	Explanation/Requirements
Medical History Requirement	Enrolling employees and COBRA participants must complete an Individual Health Statement.
Employer Eligibility/ Employee Eligibility	<ul style="list-style-type: none"> ▪ Employer must have at least two, but not more than 50, permanent, active, full-time employees for 50 percent of the preceding calendar quarter, or preceding calendar year. A permanent employee is actively engaged on a full-time basis in the conduct of the business of the small employer with a normal workweek of at least 30 hours, in the small employer's regular place of business, who has met any statutorily authorized applicable waiting period requirements. ▪ Business must be located in licensed service area to be eligible for the products in that area. The majority (51 percent) of all eligible employees must be employed in the state of California. The group employees at least 2 but not more than 50 eligible employees per AB 1672. In determining group size, companies that are affiliated companies and that are eligible to file a joint tax return for purposes of state taxation shall be considered one employer. The group needs to be actively engaged in business or service at least 50 percent of the preceding calendar quarter. The group must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in the state of California. Not have formed primarily for the purposes of obtaining health insurance. All employer groups are required to have a workers' compensation policy for their employees unless the group is comprised of only owners. ▪ There can only be one employer group per group benefit agreement/policy. Multiple employer groups that meet the definition of a single group employer under AB 1672 are counted as a single employer group. NOTE: Owners of multiple corporations may not combine those corporations under a single UnitedHealthcare agreement unless they are eligible to file a combined tax return for the purposes of state taxation meeting the definition of one employer as defined in AB 1672. UnitedHealthcare will require copies of the filed/stamped Statement of Information reflecting all officer/owners, or signed/dated Partnership Agreements listing all partners' names, and a letter from the employer's CPA stating that all business entities are eligible to file a combined tax return. UnitedHealthcare underwriting determination of whether or not there is one responsible employer will be final. ▪ The maximum waiting period for newly hired employees to become eligible for medical benefits is six months. ▪ Employer may elect to waive their selected employee waiting period at the time of initial case issue only, but have the option to change their waiting period once a year at case renewal. ▪ All employer groups are required to have a workers' compensation policy for their employees unless the group is comprised of only owners. This insurance requirement is mandatory even if you only have one part-time employee. Companies based out of state with employees hired in California must also have a California workers' compensation policy. ▪ Eligible employees are permanent employees who work on a full-time basis in the conduct of the business of the small employer with a normal work week of at least 30 hours, and whose duties in such employment are performed in the small employer's regular place of business, or be a sole proprietor, corporate officer, or a partner of a partnership engaged on a full-time basis, at least 30 hours a week, in the employer's regular place of business. Temporary or seasonal employees are not eligible.

**Employer Eligibility/
Employee Eligibility**

- A permanent employee who works at least 20 hours but not more than 29 hours is deemed to be eligible if all four of the following apply: 1) The employee otherwise meets the definition of an eligible employee except for the number of hours worked. 2) The employer offers the employee health coverage under a health benefit plan. 3) All similarly situated individuals are offered coverage under the health benefit plan. 4) The employee must have worked at least 20 hours, but not more than 29, per normal work week, for at least 50 percent of the previous calendar quarter. The insurer may request any necessary information to document the hours and time period in question including, but not limited to, payroll records and employee wage and tax filings. Part-time employee eligibility may only be added at the group's anniversary open enrollment.
- Eligible dependents include an employee's spouse/registered domestic partner, unmarried children up to the limiting age of the plan, adopted children, dependents such as niece and nephews who are court-ordered to be covered by member's group plan. Eligibility for an over-age disabled dependent child will be determined after review of an Attending Physician Statement. An Attending Physician Statement is required and must be completed/turned in at new case submission before the child may be approved or enrolled. The APS should detail the diagnosis, degree of incapacity, duration, treatment, and prognosis. The limiting age is standard to age 26. If both husband and wife work for the same company, the children can only be covered under one parent's plan.
- Ineligible Categories – not eligible for coverage. Associations (unless GI), Multiple Employer Trust (unless qualifying as GI Association), Retirees, Taft-Hartley, Hour Bank Groups, Single-Employee companies, 1099s, leased/staffed employees, members of organizations (fraternal/credit union), retirees, part-time, seasonal/temporary/substitute, Employees on Leave of Absence (sabbatical, Non-Workers' Comp Disability over six months, FMLA over 12 weeks, Military Duty/Training), groups eligible to file a combined tax return over 50, Foreign Embassies and Consulates, domestic households, employees providing contracted services, PEOs/leasing firms and closed groups that restrict eligibility through criteria other than employment, groups where no employee/employer relationship exists. Employers who have not maintained the appropriate business licensure and/or state filing allowing the company to conduct business. Board of Director members and stockholders are not eligible unless they are also officers and working at least 30 hours per week. Must not be formed solely for the purpose of obtaining health insurance.
- Registered Domestic Partner – This broad coverage defines domestic partners of either the same or opposite sex (over the age of 18). UnitedHealthcare will not require a copy of the California State Declaration of Domestic Partner Registration or a copy of any other municipality/county registration or affidavit for enrollment purposes. Enrollment forms and procedures for registered domestic partners during initial and open enrollment period, and during the year when a partnership is established, are exactly the same as those used by spouses. Employers have the right to request these documents, but they do not need to be submitted to UnitedHealthcare.
- 1099 Eligibility/Requirements – The maximum number of 1099 Independent Contractors may not exceed 25 percent. The contractors must work a minimum of 30 hours a week. Please see the Independent Contractors Paid by 1099 Form for additional requirements.
- Leave of Absence/Workers' Compensation - Employees on leave of absence or Workers' Compensation must provide proof of employment.

**Start-Up or
Non-Guaranteed
Issue Groups**

Start-up groups considered as Non-Guaranteed Issue. A start-up group must meet all other requirements of a small employer except length of time in business. UnitedHealthcare may defer the group until AB1672 is met.

Contribution	Employer must contribute at least 50 percent of the lowest cost plan or any fixed amount of \$100 or greater.
Rating Structure	<p>Rating structure is age-table rated and provided in four tiers: employee only, employee and spouse, employee and children or employee and family. The Risk Adjustment Factor (RAF) is applied to the standard employee risk rate and is based on information provided on the Individual Health Statements.</p> <ul style="list-style-type: none"> ▪ The RAF for groups with less than 5 enrolled employees is 1.10 ▪ The RAF range for groups with 5+ enrolled employees is .90–1.10
Rating Information	<ul style="list-style-type: none"> ▪ Rates are guaranteed for 12 months. ▪ Rating is based on employer's location. ▪ Final rates are based on group enrollment. ▪ Quotes issued are not a guarantee of plan coverage, RAF or eligibility. ▪ COBRA or State Continuation enrollees added after the initial group enrollment may subject the group to re-rating. ▪ Each employee's and his or her dependent's rates will change the month after the employee reaches the new age band.
Multiple Plan Selections	<p>UnitedHealthcare Multi-Choice® package: Groups enrolling 2–50 active employees may select up to a total of 35 plans. These groups are only eligible for an effective date of the 1st of the month.</p>
Excluding Classes	<p>Available for groups with 5–50 eligible employees. All included classes must meet participation guidelines for the class. The employer must submit a signed, dated letter on company letterhead confirming the class description and verifying that no other group medical coverage is being offered to the otherwise eligible employees excluded by the class description. Examples of eligible class descriptions are:</p> <ul style="list-style-type: none"> ▪ Salary/Hourly ▪ Union/Non-Union (requires a copy of the union bill) ▪ Management/Non-Management <p>Available for groups with a minimum of 5 enrolling employees. The total number of eligible employees including those excluded by the class description will be used to determine if the group should be written in Small Business or Key Accounts. All included classes must meet participation guidelines for the class. Groups excluding classes are considered as non-guaranteed issue and may be declined by Underwriting.</p>

*This plan is subject to network availability and underwriting guidelines.

Requirements for New Case Submission	<ul style="list-style-type: none"> ▪ Submit a check for one month’s premium payable to the plan carrier or submit applicable direct debit form. ▪ Complete Small Business Employer Application signed by employer and broker. ▪ Copy of the current carrier’s most recent billing statement (including all pages). ▪ Copy of the most recent quarterly DE9 and DE 9C with all employees listed (including all pages). ▪ Individual Enrollment Forms and Health Statements completed and signed by all eligible employees, including enrolling COBRA or Cal-COBRA continuees. ▪ Declination of Coverage/Waiver completed and signed by the eligible employees not electing coverage. ▪ UnitedHealthcare proposal noting correct effective date of coverage. ▪ Groups consisting of Union/Non-Union employees must also provide a copy of their union bill.
COBRA and State Continuation Waivers	<p>Employees waiving because they are currently covered by COBRA or State Continuation (from a previous employer) must complete the Declination of Coverage Form or Waiver section of the Enrollment Form. They must also include their COBRA/State Continuation start and end dates.</p>
Quarterly Wage Report (QWR)	<ul style="list-style-type: none"> ▪ A copy (all pages) of the most recent Quarterly Wage Report (DE9 and DE 9C), including the Quarterly Wage & Tax Report(s) for out-of-state employees from their respective states. ▪ Handwritten Quarterly Wage Reports are not acceptable. ▪ All pages submitted including grand totals and summary page. ▪ All employees marked to indicate employment status: part-time (PT), full-time (FT), terminated (T), seasonal (S), etc. Include last day worked for all terminated employees. An Enrollment Form/Health Statement or Waiver is required for all terminated employees within the election period for COBRA/Cal-COBRA. ▪ If there are new hires who do not appear on the Quarterly Wage Report (DE9 and DE 9C) – write their name(s), Social Security number(s), and date(s) of hire on the bottom of the QWR. ▪ Quarterly Wage Reports for out-of-state employee(s) are required. ▪ If QWR (DE9 and DE 9C) reflects a 50 percent change in census, a current payroll will also be required. This change applies to new hires, terminations, waivers, declinations, or seasonal/temporary employees.

<p>Payroll Record Requirements</p>	<p>For groups of 6+ enrolled employees that have not yet filed a QWR (DE9 and DE 9C) or have been in business more than one year, a current pay period/payroll statement may be submitted in lieu of a QWR. Groups with employees residing outside the state of California must provide a QWR from the respective states. Payroll will not be accepted for out-of-state employees.</p> <p>For groups of 2–5 enrolled employees, a QWR is always required unless the company has not been in business long enough to file a QWR (husband/wife groups or groups comprised of family members must always provide a QWR). Handwritten or estimated QWRs or payroll, individual payroll/pay stubs or W-2, W-3, W-4, W-9s are not acceptable. The payroll must be from a payroll record service (e.g. ADP, PayChex, Wells Fargo) and must include all of the following:</p> <ul style="list-style-type: none"> ▪ Dated payroll and/or date of pay period (most recent two weeks of payroll prior to requested effective date). ▪ All pages submitted, including all employee wages paid, hours worked per pay period, withholdings and grand totals. ▪ Name of company. ▪ All employees marked to indicate employment status: part-time (PT), or full-time (FT), terminated (T), seasonal (S), etc. Include last day worked for all terminated employees. An Enrollment Form/Health Statement or Waiver is required for all terminated employees within the election period for COBRA/Cal-COBRA. ▪ If there are new hires who do not appear on the payroll – write their name(s), Social Security number(s), and date(s) of hire on the bottom of the payroll. ▪ Include all employees’ gross and net income, total taxes withheld (itemized) and company total/summary. 	
<p>Proof of Ownership</p>	<p>Proof of Ownership documentation is required for all groups applying for medical coverage with fewer than six enrolling employees or any size “owner-only” group.</p>	
	<p>Type of Business</p>	<p>Required Documentation</p>
	<p>Corporations</p>	<ul style="list-style-type: none"> ▪ In business < 1 year: S-Corps and C-Corps: Filed/Stamped Statement of Information that lists all Owners’/Officers’ names ▪ In business > 1 year: S-Corps: IRS Schedule K-1 (Form 1120s) for all Owners/Officers (current tax year) C-Corps: IRS Form 1120 (pages 1 & 2) which includes “Schedule E” (current tax year) <p>Note: Husband/Wife groups or groups comprised of family members must provide separate tax or QWR documentation showing they are an owner or full-time employee. Note: Provide copy of group’s active status within CA Secretary of State portal with the group submission. Note: Tax extensions are not acceptable.</p>

Underwriting reserves the right to request proof of ownership, additional payroll or supporting tax documentation on any or all submissions.

	<p>Partnership/LLP</p> <ul style="list-style-type: none"> ▪ In business < 1 year: Partnership Agreement signed by all partners. ▪ In business > 1 year: IRS Schedule K-1 (Form 1065) for all partners (current tax year). Note: Husband/Wife groups or groups comprised of family members must provide separate tax or QWR documentation showing they are an owner or full-time employee. Note: Provide copy of group’s active status within California Secretary of State portal with the group submission. Note: Tax extensions are not acceptable.
	<p>Limited Liability Company (LLC)</p> <ul style="list-style-type: none"> ▪ In business < 1 year: LLC Agreement signed by all managers/members/parties ▪ In business > 1 year: LLC Agreement signed by all managers/members/parties or copies of appropriate current year tax returns (follow the guidelines for a Partnership or Sole Proprietorship based on how the LLC was formed) Note: Husband/Wife groups or groups comprised of family members must provide separate tax or QWR documentation showing they are an owner or full-time employee. Note: Tax extensions are not acceptable.
	<p>Sole Proprietorship</p> <ul style="list-style-type: none"> ▪ In business < 1 year: Business License listing the Owner Name ▪ In business > 1 year: IRS Schedule C (Form 1040) Note: Husband/Wife groups or groups comprised of family members must provide separate tax or QWR documentation showing they are an owner or full-time employee. Note: Tax extensions are not acceptable.
	<p>Church</p> <p>IRS Form 941 and a current QWR (IRS Form 4361 may also be required)</p> <p>Note: Tax extensions are not acceptable.</p>
	<p>Farm</p> <p>IRS Schedule F (Form 1040)</p> <p>Note: Tax extensions are not acceptable.</p>
<p>Billing Statement/Carrier Bill Requirements</p>	<ul style="list-style-type: none"> ▪ Most recent statement/carrier bill (all pages – including employee census). ▪ Renewal notices are not acceptable. ▪ All terminated employees clearly marked with a T, including termination date(s).

Deductible Credit	For new groups, UnitedHealthcare will credit members (other than SignatureValue Advantage, SignatureValue Alliance, and SignatureValue Alliance HSA plan members) for the amount of the deductible satisfied under the prior carrier's plan during the same calendar year. There is no deductible credit for outpatient prescription drug coverage. This is applicable to calendar year to calendar year plans only.
Employer Application	<ul style="list-style-type: none"> ▪ All questions answered. ▪ Select Waiting Period. ▪ List employer premium contribution percentage or dollar amount for all coverages selected. ▪ Sign and date the group application within 60 days of the requested effective date.
HRA, GAP, and Self-Funding Arrangement Guidelines	<ul style="list-style-type: none"> ▪ The UnitedHealthcare Health Reimbursement Account (HRA) application must be completed by the employer group and included with case submission to Underwriting. Only the HRA plan may be used in conjunction with an HRA or any self-funded wrap product. No other UnitedHealthcare plan may be used with any form of wrap product. A "wrap product" includes any employer-sponsored plan that is: <ol style="list-style-type: none"> (1) paid for or funded, in whole or in part, by the Enrolling Group and/or Subscriber; (2) (a) provides reimbursement for health plan deductibles, copayments, coinsurance, or medical expenses; or <ol style="list-style-type: none"> (b) provides for the payment of set amounts in the event of hospitalization. <p>Examples include: an employer-funded flexible spending account (FSA), an HRA, self-funding of the deductible, an IRS Section 105 plan, a medical expense reimbursement plan (MERP), or a hospital confinement policy. A wrap product does not include a health savings account (HSA) or employee-funded general purpose FSA.</p> <p>Employer members may contribute up to 50 percent of both the employee and family deductible and may not contribute toward coinsurance.</p> <ul style="list-style-type: none"> • The employer can choose to have the HRA pay out on a shared basis, much like coinsurance by selecting a shared HRA percentage (maximum 90 percent). Only first dollar shared option is available. The HRA pays an employer-defined percentage (no greater than 90 percent) of first dollar qualifying expense up to the HRA contribution limit (up to 50 percent of corresponding health plan deductible). The employee is responsible for their percentage (up to 10 percent) of first dollar qualifying expense. <p>Gap or self-funded plans are not permitted alongside any UnitedHealthcare medical plan.</p>
Employee Enrollment Forms/Health Statement Requirements	<ul style="list-style-type: none"> ▪ All medical history questions answered with explanations for all "Yes" responses. ▪ All submitted Employee Enrollment Forms must be signed and dated (UnitedHealthcare requires the signature date to be within 60 days of requested effective date). ▪ Completed Employee Enrollment Forms for all employees in their waiting period if the employer is waiving the waiting period on the group's requested effective date. ▪ Date of hire listed on all Employee Enrollment Forms. ▪ If Medicare is Primary – UnitedHealthcare requires a copy of each individual's Medicare card to verify enrollment in parts A & B. ▪ A copy of the Medicare ID card may be required for employees (waiving or enrolling) to confirm participation. ▪ Arrange all Employee Enrollment Forms (including waivers) in the order of the DE9 and DE 9C or payroll records submitted with the group application materials. ▪ All forms must be completed in their entirety.

Waiver Requirements – Employee Enrollment Forms	<ul style="list-style-type: none"> ▪ Complete Employee Enrollment/Waiver of Coverage Form for all eligible employees and dependents not electing to enroll. ▪ A copy of the current carrier ID card is required to confirm participation requirements. ▪ Reason for declining must be clearly indicated. ▪ Waiver section signed and dated within 60 days of the effective date.
Employer Contribution Requirements	Employer must contribute at least 50 percent of the lowest cost plan or any fixed amount of \$100 or greater.
Participation Requirements	<ul style="list-style-type: none"> ▪ Groups offering a Multi-Choice package for groups with 2–50 enrolling employees – Minimum of 75 percent of eligible employees must enroll (excluding COBRA participants).* ▪ Groups offering a UnitedHealthcare SignatureValue Alliance package alongside another carrier – There must be at least 75 percent of the eligible employees enrolling between the two carriers with a minimum of two active employees (excluding COBRA participants) enrolling in an Alliance plan that is an equal or leaner benefit plan than the other carrier.* There are plan eligibility requirements for the other carrier. Please contact your UnitedHealthcare sales representative for confirmation of plan eligibility. A copy of the most recent billing statement is required from the other carrier reflecting employee census and applications/waivers from any employees not reflected on the billing statement. ▪ Groups offering UnitedHealthcare and a staff model – there must be at least 75 percent participation between the two carriers.* The eligible plans and the underwriting guidelines are listed on the UnitedHealthcare PremierSourceSM flier. A complete copy of the most recent billing statement from the staff model reflecting employee census and applications/waivers from any employees not reflected on the billing statement. UnitedHealthcare must be the sole carrier unless the group is eligible for the PremierSource program. (Exception: Groups may offer a Multi-Choice Package alongside a staff model if 75 percent of the eligible employees, excluding COBRA participants, enroll with UnitedHealthcare.)* ▪ Additional participation guidelines for all groups applying for coverage <ul style="list-style-type: none"> – Groups excluding classes may not offer another carrier alongside UnitedHealthcare. – When the employer contributes 100 percent toward the employee premium, 100 percent of Eligible Employees must enroll. – COBRA participants and employees in waiting period are not considered Eligible Employees and are not included when determining the participation requirement. <p>* Excluding valid waivers for spousal group coverage through another employer’s plan, parental group coverage through another employer’s group plan for a dependent up to age 26, spousal COBRA/state continuation, Medicare (parts A and B required), TRICARE or at-no-cost, government-sponsored plans.</p>
Out-of-State Eligibility	UnitedHealthcare products – No more than 25 percent of the group may be located in Vermont or Minnesota.
Effective Dates/ Backdating	<ul style="list-style-type: none"> ▪ 1st of the month effective date for UnitedHealthcare products. ▪ All required case installation documentation must be received by the fifth working day of the month in order to backdate coverage to the first of the month. ▪ A group must be approved by underwriting no later than the 15th of the month, after the requested effective date. ▪ 15th of the month effective date for UnitedHealthcare Choice Direct, Choice HSA or Choice Plus. ▪ All required case installation documentation must be received by the 20th of the month in order to backdate coverage to the 15th of the month. ▪ A group must be approved by underwriting no later than the 30th of the month, after the requested effective date.
Retiree coverage	Retiree coverage is not available.
Effective Date	Multi-Choice groups are eligible for 1st of the month. Only groups electing Choice plans are eligible for the middle of the month (15th) effective date. SignatureValue HMO plans are not eligible for the middle of the month (15th) effective date.

Standard Administrative Options/Post-Sale

Grace Period (Does not apply to HMO)	30 days (This is the number of days during which UnitedHealthcare will wait for payment without terminating the group. This is not necessarily an interest-free period.) Payment is due the first of each month. If no payment is received within 10 days after the due date, the collection process will start. A reinstatement charge will be assessed to reinstated groups. Only one reinstatement is allowed during a contract year and is not guaranteed.
Delinquent Policy	A policy that is not paid by the due date is considered delinquent and late charges may be assessed against any delinquent policy.
Mandatory Enrollment into Products	If the employer contributes 100 percent toward medical or ancillary products premium (Life & AD&D, Dependent Life and/or Group Dental), then all employees must elect that product's coverage. (100 percent contribution requires 100 percent participation.)
Date of Birth Calculation (Age-Banded Rate Changes)	1st of the month following date of age change.
Open Enrollment Period	Month prior to renewal.
Medical Cards	Mailed to employee's home.
Certificate of Coverage	Mailed to employer for distribution to employees.
Covered Eligibles (Please reference Page 2 for additional eligible dependent criteria)	<ul style="list-style-type: none"> ▪ Employee's spouse/registered domestic partner as determined by the employer. ▪ Child(ren) of the enrollee or spouse/registered domestic partner up to age 26. ▪ Adopted children. ▪ Dependents such as nieces and nephews who are court-ordered to be covered by member's group plan.
Invoice Frequency	Monthly.
Preexisting Health Condition Limitation	<ul style="list-style-type: none"> ▪ No limitation if enrollees provide a letter from their previous group insurer showing evidence of continuous credible coverage for the prior six-month period with their enrollment form or submit the letter when requested by our claims processing office. Exception – Evidence of continuous credible coverage is not required for those under age 19 as preexisting does not apply to these individuals. ▪ For new case submissions: provide the documentation described above or include the prior carrier bill for the billing month prior to the requested effective date which lists the employees applying for coverage or prior ID cards along with their date of hire on their enrollment application.
Dependent Maximum Age Limits	Child(ren) of the enrollee or spouse/registered domestic partner up to age 26.

Standard Eligibility Provisions/Post-Sale

Effective Date for New Hires	Maximum waiting period is six months.
Minimum Hours Worked Per Week to be Eligible	Minimum 30 hours per week (full-time). Permanent employees who work 20–29 hours per week can also be eligible employees if the employer elects to offer coverage to these part-time employees.
Effective Date of Termination	Last day of the month in which the term occurs.
Date for Status Change	<ul style="list-style-type: none"> ▪ 1st of the month following change. ▪ Newborns, new marriages and late adds with a qualifying event that we are notified of within 30 days are added on the date of the event.
Events	Newborn; marriage; registered domestic partner; divorce; adoption; death; loss of other coverage.
Dual Coverage (Employee works for two employers and is covered under both policies)	Not allowed.
Double Coverage (Husband/Wife work for same employer and cover each other)	Not allowed.
Employer Plan Termination	<p>UnitedHealthcare may terminate group coverage for:</p> <ul style="list-style-type: none"> ▪ Nonpayment of premiums (The group is liable for payment of premiums for the entire term the policy/agreement is in force, including the grace period.) ▪ Not meeting contribution requirements (30 days advance notice) ▪ Not meeting participation requirements (30 days advance notice)
Voluntary Termination	Coverage may be terminated by the group, after at least 30 days prior written notice to UnitedHealthcare. The written notice must be signed by an officer of the group.
Groups Previously Terminated for Nonpayment	Reinstatement must be requested within 60 days of the date coverage is terminated for nonpayment. If approved, a reinstatement charge will be assessed to any reinstated group. Reinstatement will not be offered once a group has been terminated for nonpayment three times.

Spinoff Groups Policy

<p>What is a spinoff group?</p>	<p>A spinoff group is a company that is being formed from employees of an existing company branching out on their own, thus forming a new group. The employees forming this company are no longer employed by the larger company and are applying for coverage on their own under a new policy/agreement.</p>
<p>What information needs to be sent when a spinoff group is submitted and how do we review a spinoff group?</p>	<p>The group must be spinning off of an existing UnitedHealthcare group and is subject to the following:</p> <p>Although these types of spinoff groups are newly formed, they are not subject to the 50 percent of the preceding calendar quarter/year rule. All spinoff groups, including the spinoff group as well as the group it is spinning off from, must be reviewed and approved by Underwriting. This may result in adjustments to rates and/or bill type.</p> <p>The following requirements need to be included in every submission:</p> <ul style="list-style-type: none"> ▪ Case Submission Cover Page. ▪ Completed Employer Group Application for the new group. ▪ Proof of Business (refer to the applicable Proof of Ownership, Quarterly Wage Report and Payroll Record Requirement Guidelines). ▪ A letter, on company letterhead, that explains the request and effective date. ▪ Employee Enrollment Forms and Declinations for all Eligible Employees. Health Statements are required for all employees not currently covered under our plans. ▪ Underwriting will determine the final RAF. ▪ Group Acceptance Form for the new group. ▪ Binder Premium Check. ▪ These groups will not be considered under Start-Up groups.

Acquisition Guidelines

These cases will be medically underwritten, and the rates will either hold at the current factor or increase based on the health history of the group. The following information is needed to review the acquisition:

- Letter from group with the explanation of request and effective date.
 - Completed Group Application.
 - Completed Employee Enrollment Forms and Individual Health Statements or waivers.
 - Proof of the acquisition (acquisition agreement).
 - Proof of Ownership (newly formed articles, purchase agreement, or tax documentation documenting the acquisition).
 - Current carrier census/plan and current carrier bill.
 - Copy of the most recent QWR or 2 weeks of payroll.
-

Professional Employer Organization (PEO) Guidelines

Underwriting Guidelines for Small Business groups terminating their PEO Arrangement:

PEO or leased employees are considered employees of the PEO company. Employers who utilize the services of a PEO generally do not meet the definition of a small employer as the transfer of employees to the PEO in effect severs the employer/employee relationship. As a result, UnitedHealthcare will not consider these employers eligible for coverage under the small group book of business.

An employer group that dissolves its relationship with the PEO and reestablishes the employer/employee relationship will be considered for small group coverage with a coverage date on or after the termination date of the PEO arrangement. The employer group must meet the definition of an AB1672 employer and must have maintained 2-50 employees for 50 percent of the previous calendar quarter or 50 percent of the previous calendar year in order to be considered guaranteed issue.

Submission Requirements: In addition to all other standard new business documentation/paperwork, the following is also required from groups applying that have terminated their PEO arrangements.

1. A copy of the prior carrier bill from the PEO with employee census confirming prior coverage.
2. A copy of the contract termination letter sent from the PEO to the client (employer) business. This letter is generated by the PEO and verifies the cancellation of the leasing arrangement as well as the cancellation date.
3. At least two weeks of payroll from a legitimate payroll company for the employer group. The payroll must be issued in the name and Tax Identification Number of the individual employer group, not the PEO. In the event a DE 9C or payroll is unavailable, groups must provide the following:
 - A copy of six weeks of charge back invoices from the PEO to establish AB1672, and
 - A copy of the PEO Benefit Register or prior carrier bill so preexisting will not be applied.
 - A letter from the company owner/officer stating the following: the company has canceled its contract with the PEO and the effective date of cancellation; approval is contingent upon UnitedHealthcare receiving, within 45 days of the effective date, 30 days of payroll records for all employees; and UnitedHealthcare reserves the right to rescind or non-renew coverage if payroll documentation is not provided in a timely manner, or it does not meet UnitedHealthcare criteria for enrollment eligibility.
 - Groups are still subject to normal new business requirements, including but not limited to, business owner documentation and/or applicable tax forms, prior carrier billing, etc.
 - Existing UnitedHealthcare groups are NOT eligible.

The employer group must have offered the employees health insurance previously through the PEO. UnitedHealthcare will not consider the employer group eligible until the employer can meet the definition of a small group employer by satisfying the previous calendar quarter/year test.

Underwriting Guidelines for Small Groups with a PEO Arrangement for payroll purposes only:

A small group employer that utilizes the services of the PEO for payroll purposes alone and the PEO otherwise does not act as a “co-employer,” UnitedHealthcare will offer coverage to the small group client company without requiring the employer to terminate their PEO contract.

1. UnitedHealthcare will only enter into a contract with the “client company” (the employer group) of the PEO.
2. The client company must meet the definition of a 2-50 small employer.
3. Only an officer of the client company may enter into, and sign, the insurance contract; it cannot be signed by the PEO and/or PEO “co-employer.”
4. UnitedHealthcare must be the sole provider of health insurance.
5. If the employer group currently has UnitedHealthcare health coverage offered or sponsored through a PEO that is covered as an active UnitedHealthcare mid-market group (ADP or Administaff, for example), they will not be considered eligible for coverage as a separate small employer unless they terminate their PEO relationship.
6. To qualify on a guaranteed issue basis, the group must meet the criteria outlined in the Employer/Employee Eligibility section on Pages 1-2. If the employer cannot meet this criteria, they will be considered a Start-Up group as outlined on Page 3.

Submission Requirements: In addition to all other standard new business documentation/paperwork, the following is also required from groups applying with PEO arrangements for payroll purposes only:

1. UnitedHealthcare will accept documentation from the PEO or payroll record service that is issued on behalf of the individual employer.
2. This documentation must be in the form of a payroll report from a legitimate payroll record service, issued in the name and Tax Identification Number of the individual employer group. The payroll records may not contain employees of any other PEO client company.
3. Presuming the group can provide the “employer-specific” wage/tax or payroll documentation, it will be considered eligible to apply for small group coverage and will not be required to terminate its PEO contract.
4. If the group cannot provide the specific wage/tax or payroll noted above, a “co-employer” relationship with the PEO will be determined to exist and the client company will not be eligible to apply unless/until the PEO Contract is terminated.

Exclusions and coverage limitations are detailed in the Certificate of Coverage/Evidence of Coverage. If this document conflicts in any way with the Certificate of Coverage/Evidence of Coverage, the Certificate’s provisions prevail.

Multi-site Quick Reference

1. Apply Small Employer Reform – **The group will be rated in the state with 51 percent of the Eligible Employees. If there is not 51 percent of the Eligible Employees in any state, refer to number 2 (Determine Base Location and Rating ZIP Code). Multi-site groups without 51 percent of the eligible employees in any state are considered non-guaranteed issue and subject to underwriting review and approval.**
2. Determine Base Location and Rating ZIP Code (determination may require up to 3 steps).
3. Determine Base Location Plan Availability via United eServices®.
4. Use PASS to validate that all secondary employer locations have access to either the National P-50 Insurance Choice Plus or National network as appropriate. Also validate network access for any employee in the base location who is not physically employed at the employer rating location.

To Determine Base Location and Rating ZIP Code (3 Steps):

Step 1. The Base Location is the state where 50 percent or more of the employees are enrolling for medical coverage. The census enrolling for medical coverage is used to determine if there is 50 percent or more employees in any employer location. If Step 1 does not apply, proceed to Step 2.

Step 2. However, if 50 percent does not exist in a state, the Base Location is the state where the plurality (a single location where the most employees are employed) of employees are employed and whom are enrolling for medical coverage. If Step 2 does not apply, proceed to Step 3.

Step 3. However, if plurality does not exist (i.e., there is same number of employees enrolling for medical coverage in 2 or more states), the Base Location is the state where the employer's primary business location/corporate headquarters is located.

Note: The Base Location must be an actual physical employer location with employees employed at that location. Avoid determining the base location based on a state with only trailing employees. There must be a physical employer location. If there are only employees working from home or outside sales reps in a state (e.g., trailing employees), do not use this state as a rating location.

Note: Companies must file their Articles of Incorporation in every state in which they conduct business. It may appear that they are incorporated in many states. Many companies incorporate in Delaware due to cost but may not have a physical employer location or employees in the state.

Note: COBRA employees not counted for determining base employer location.

Note: Employees in the waiting period are not counted for determining base location.

Note: The rules for determining the Eligible Employees used for meeting participation requirements are unchanged from current practice.

Note: Groups without 51 percent of the Eligible Employees in any state are considered non-guaranteed issue subject to Underwriting review and approval.

Note: UnitedHealthcare PremierSource groups require at least 5 medical enrolling employees that reside and work in California to enroll in a PremierSource eligible plan. Groups must also meet PremierSource underwriting/product guidelines.

Multi-site State Exceptions

State	Exception Applies When State Is	State Exception Rules
Florida	Base Location Only	<p>1) After determining Florida is base location state per base location definition herein, if there are multiple Florida employer locations, use the primary business location within the state as the rating location.</p> <p>2) If local DW (EPO) plan desired: Quote Florida location DW plan and quote Florida US/AN choice plus plan and/or NA/ND PPO plan for all secondary locations with appropriate network access.</p> <p>3) Florida State Mandated Plans-09 series only for Florida residents.</p>
New York, New Jersey, Connecticut	Base Location Only	<p>1) If New York qualifies as base location per definition herein submit proposal request to Oxford only if the employer is located in the following Downstate NY counties: Dutchess, Nassau, New York City, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster, or Westchester.</p> <p>2) If Connecticut or New Jersey qualifies as base location per definition herein then submit to Oxford for proposal.</p> <p>3) If New Jersey qualifies as base location because of majority employee rule and employer is not situated in New Jersey, Oxford may decline to quote based on New Jersey Reform Law. Contact UnitedHealthcare Financial Underwriting to consider selecting another employer location as the base location for UnitedHealthcare proposal.</p>
Community-Rated States	Base Location Only	<p>If any of these community rated states – Oregon (2-25), Massachusetts, Maryland, New York, or Maine (Community Pool plans only) are the base location and a policy is quoted from any non-community rated secondary employer location, the rater must override the default issue level factor to 1.00 for all the secondary location policies quoted.</p>
Maryland	Base Location Only	<p>The MAMSI portfolio is the preferred product solution to offer small business employers when Maryland is the base location. Contact the Maryland health plan for more information.</p>
Massachusetts	Base Location Only	<p>Massachusetts definition of an eligible small business or groups is defined as: “Eligible small business” or “group,” any sole proprietorship, firm, corporation, partnership or association actively engaged in business which, on at least 50 percent of its working days during the preceding year, employed from among one to not more than 50 eligible employees, the majority of whom worked in the commonwealth; provided, however, that a health carrier may offer health insurance to a business of more than 50 employees in accordance with the provisions of this chapter. In determining the number of eligible employees, a business shall be considered to be one eligible small business or group if:</p> <p>(1) it is eligible to file a combined tax return for purpose of state taxation, or</p> <p>(2) its companies are affiliated companies through the same corporate parent. Except as otherwise specifically provided, provisions of this chapter which apply to an eligible small business shall continue to apply through the end of the rating period in which an eligible insured no longer meets the requirements of this definition. An eligible small business that exists within a MEWA shall be subject to this chapter: Massachusetts General Laws Chapter 176J Section 1.</p> <p>A majority is defined as more than 50 percent.</p> <p>If a group does not meet this requirement they cannot be a Massachusetts situated group.</p>
Vermont	Secondary Location Only	<p>1) If Vermont is a secondary employer location with less than 25 percent of total employees, cover the employer locations/employees under an appropriate base location policy.</p> <p>2) Use PASS Tool to determine network access to either P-50 Insurance Choice Plus or National network.</p> <p>3) NOTE: 25 percent is a guideline. Consult Financial Underwriting to approve reasonable exceptions.</p> <p>4) These states cannot be a base location.</p>

Hawaii	Secondary Location Only	When Hawaii is a secondary employer location, state law requires us to issue all Hawaii residents under an available Hawaii policy. Use the Hawaii employer location ZIP Code for plan availability and policy specific census for medical rates.
Minnesota	Secondary Location Only	<p>UnitedHealthcare is not filed to sell small employer business in Minnesota. Minnesota must be a secondary employer location – not the base location – and two conditions must be met:</p> <ol style="list-style-type: none"> 1) Minnesota is a secondary employer location with fewer than 25 total employees 2) Less than 25 percent of the total employees for the employer <p>If above conditions met cover the Minnesota employer location under an appropriate base location policy. Use PASS to determine network access to either P-50 Insurance Choice Plus or National network.</p> <p>3) If either of these two conditions is not met you may refer the Minnesota location to MEDICA for consideration. MEDICA will only do business through licensed Minnesota brokers.</p>
Washington	Secondary Location Only (PEAT)	Pacific Employers Alliance Trust (PEAT) plans are not available to employers with a secondary business location in Washington State. At this time, only groups with a majority of employees in Washington are eligible for PEAT UnitedHealthcare plans.

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Health plan coverage provided by or through UnitedHealthcare Insurance Company and UnitedHealthCare of California. Administrative services provided by United Healthcare Services, Inc., OptumRx or OptumHealth Care Solutions, Inc. Behavioral health products are provided by U.S. Behavioral Health Plan, California (USBHPC) or United Behavioral Health (UBH).