

SMALL GROUP UNDERWRITING GUIDELINES¹

New York

For Businesses with 2-50 Eligible Employees and Sole Proprietors



EmblemHealth's community-rated plans are available for purchase by qualified small groups that employ no fewer than two (2) and no more than fifty (50) eligible employees. Certain EmblemHealth community rated plans are also available to qualified sole proprietors.

APPLICATION

- The initial payment equivalent to one month's premium must be made payable to EmblemHealth and submitted with the new group application form. Only business checks are acceptable forms of payment.
- Contract periods will begin on the 1st or 15th of a month.
- Documentation requested by EmblemHealth to determine group or employee eligibility must be supplied within **five (5) business days** from the date of EmblemHealth's request in order to secure the requested effective date of coverage. If documentation is not supplied within five (5) business days, EmblemHealth will establish an effective date of coverage pending receipt and verification of the data.

Family Verification

- EmblemHealth will request a Federal 1040 form and/or a marriage certificate to verify the marriage of two individuals with different last names. In addition, EmblemHealth will require a birth certificate and/or Federal 1040 Form as proof that a dependent is eligible for coverage if the dependent has a last name different from the subscriber.

BENEFIT CHANGES

Benefit Downgrades

A plan change is a downgrade when the premium rates for the new product are lower than the premium rates for the old product as of the requested plan change date.

- A group can downgrade its coverage at any time during the year **except in the ninety (90) days preceding the contract anniversary date**. The effective date of the benefit downgrade will become the group's new anniversary date.

Benefit Upgrades

- A group can only upgrade coverage at its contract anniversary date.

All plan change requests must be received by EmblemHealth five business days prior to the desired effective date.

TIER CHANGES

- Rating tiers can only be changed at the group's contract anniversary date.

DOMESTIC PARTNERS

Domestic partner coverage is available with EmblemHealth.

- A domestic partner will be treated as a dependent.
- Eligible dependents of the domestic partner may be added.
- Domestic partners are not recognized by the IRS and may not receive tax benefits afforded to non-domestic partners (e.g., Health Savings Accounts).
- Domestic partners must submit the following form to EmblemHealth. This form must be notarized.
 - EmblemHealth's Declaration of Cohabitation & Financial Interdependence Form (DCFIF). In addition, the partners must also provide three documents showing a similar residence and financial interdependence. The specific list of acceptable documents is shown on the Declaration of Cohabitation & Financial Interdependence Form.

¹These guidelines do not encompass Government Sponsored programs that EmblemHealth may offer for sale (e.g., Medicare, Healthy New York, etc.) The product sponsor should be consulted for policies and procedures that are applicable to their products. Additionally, these guidelines do not apply to legacy GHI or HIP products, as defined by EmblemHealth. The respective legacy product organization's guidelines apply.

EMBLEMHEALTH PRODUCT SUITE

- Seven (7) Plan Types are available through the EmblemHealth Suite: PPO, PPO InBalance, HDHP PPO, EPO, EPO InBalance, HDHP EPO, and CompreHealth HMO.
- Multiple option plans (employee choice at point of enrollment) are allowed, choosing from among any of the products available through the EmblemHealth Suite.
- Each group may choose up to four (4) EmblemHealth Suite options to be available to its employees provided, however, that the number of options offered is limited to the number of employees actually enrolling. Only one (1) plan of any particular Plan Type may be included in the four plans offered.
- A group may keep up to two (2) legacy products (GHI or HIP products). However, keeping legacy products as options does NOT increase the number of total plans available to the group.
- All EmblemHealth plans must have the same rating tier structure. If EmblemHealth does not offer the desired products desired on a same tier basis, then they cannot be offered as a multiple option.
- A group may change the Plan Types offered only on the group's anniversary.
- An employee may only change the plan option elected only on the group's anniversary.

RATING TIERS

- EmblemHealth small group business (2-50 eligible employees) will only be offered on either a 2-tier or a 4-tier rating basis.
- EmblemHealth sole proprietor business will only be offered on a 2-tier rating basis.

EMPLOYEE ELIGIBILITY

Groups must demonstrate an employer/employee relationship for all eligible employees.

EmblemHealth evaluates eligibility based on the United States Internal Revenue Service's definition of an employee of an employer group or a bona fide employer member of an association group.

- For business associations, EmblemHealth would cover the eligible employees of the association's member employers.
- EmblemHealth only covers full-time employees. EmblemHealth defines full-time eligible employees as employees who work 20 or more hours per week, each week. If an employer requires a longer number of hours worked in order to meet eligibility, then EmblemHealth will use the employer's criteria to define full-time eligible employees.
- The following categories of employees are not eligible for coverage:
 - Retirees and their dependent(s).
 - Individuals who receive 1099 Forms and their dependents.
 - Seasonal employees and their dependents.
 - Leased employees.

A group must provide proof of employment for each employee at the time of application or at the time of a periodic survey. Each employee to be enrolled must appear on a NYS-45 or NYS-45-ATT.

- The NYS-45 or NYS-45-ATT must be the filed copy for the quarter preceding the desired effective date of coverage. The status of each employee must be indicated on the form as applicable: Full-time, Part-time (less than 20 hours worked per week), Permanent, Temporary, Waiving, Eligible, not-Eligible, Enrolling, Class distinction if applicable.
- In the absence of providing a NYS-45 or a NYS-45-ATT, the group must provide a signed copy of its full tax return, such as an 1120, 1065, 1120S, LLC or LLP with Schedule K-1, Schedule C or Schedule E.
- If the employer has a benefit waiting period, the employer must provide documentation verifying the terms of the waiting period.

Recent Hires

- In the event that a newly hired employee is not yet listed on filed tax documentation, then a copy of the employee's W-4 or recent payroll check stub must be supplied. If a payroll check stub is supplied, it must include the company name, employee name, number of hours worked and payroll dates. The payroll dates cannot be more than 30 days prior to the date of application.
- The group must produce tax documents within 90 days after the effective date of coverage to substantiate a recent hire's eligibility. If acceptable documentation is not provided to EmblemHealth, then coverage will be terminated.

COBRA Members

- COBRA enrollees must supply a letter of election and a copy of their last payroll report.

EMPLOYER ELIGIBILITY

A group must be actively operating its business at all times that EmblemHealth coverage will be in effect.

A group applying for a community-rated plan must provide EmblemHealth with all of the following documentation:

- a Federal Employer Identification Number (EIN) and evidence of authority to conduct business in New York State
- confirmation that the group's worksite(s) is in New York State. Street addresses must be provided even for worksite(s) with post office box listings.
- a copy of the most-recently paid invoice from its current carrier.

If a new business is not able to supply the data above, then EmblemHealth's **Letter of Certification** from the group's attorney or certified public accountant explaining the specific situation will temporarily suffice. Neither the attorney nor the C.P.A. can be an employee or the relative of an employee of the group. In addition, the Letter of Certification must be accompanied by:

- Articles of Incorporation issued by the State of New York, or
- a certificate to do business issued by the State of New York and
- a payroll record acceptable to EmblemHealth.

The group must produce tax documents within 90 days after the effective date of coverage to substantiate its business operation. Coverage will be terminated if acceptable documentation is not provided within 90 days.

- If a group has been terminated within the prior 12 months due to **non-payment of premium**, EmblemHealth will not issue the group a contract.

ENROLLMENT POLICY

- New enrollees must enroll as of their date of hire.
- If the employer has a benefit waiting period, the employee must enroll on the first day of benefit eligibility.
- New groups enrolling with EmblemHealth may waive the waiting period for all employees at the time of initial enrollment.

Eligible employees and/or dependents who do not enroll on the first day of benefit eligibility will not be eligible to enroll until the employer's next annual enrollment period, except in the circumstances below. The enrollment period commences on the anniversary date of coverage and ends after 30 days.

- The individual was covered under another plan or policy at the time the individual was initially eligible to enroll and has lost coverage under the other plan or policy as a result of exhaustion of the period of continuation under State or Federal law or
- The loss of eligibility was related to one or more of the following reasons:
 - termination of employment
 - termination of the other plan or contract
 - death of the spouse
 - legal separation, divorce or annulment
 - reduction in the number of hours of employment
 - contract holder contributions toward the payment of premium for the other plan or contract were terminated.

HEADQUARTERS IN NEW YORK

If a group has:

- its principal location within New York State and
- it employs no fewer than two (2) and no more than fifty (50) eligible employees at a worksite(s) in New York State then the group can purchase community-rated coverage for its eligible employees, subject to any applicable service area restrictions.
- Groups with more than one office/location within the State of New York must identify each location and the employees that work at that location.

HEADQUARTERS OUTSIDE NEW YORK

If a group has:

- its principal location outside New York State and
- it employs no fewer than two (2) and no more than fifty (50) eligible employees at a worksite(s) in New York State

Then

- The group can purchase community-rated coverage for its New York employees. The contract for coverage must be delivered to a New York worksite and the contract will only cover employees working at the New York worksite(s).

HIGH-DEDUCTIBLE HEALTH PLANS

- The same member may not have an underlying insured or non-insured plan in conjunction with an HDHP product.

ONGOING QUALIFICATION

Periodic surveys of enrolled small groups may be taken by EmblemHealth and/or EmblemHealth's designated administrators to ensure that the group is actively operating its business and remains qualified to be enrolled in a community-rated product.

The survey can include, but not be limited to, any or all of the following to verify continued eligibility:

- The group's most recently-filed NYS-45 or NYS-45-ATT
- Tax documentation as requested by EmblemHealth and/or EmblemHealth's designated administrators.
- Payroll information as requested by EmblemHealth and/or EmblemHealth's designated administrators.

PARTICIPATION

- **EPO/PPO requirement:** A minimum of two (2) contracts or 50% of the eligible employees, which ever is greater, excluding waivers, must be covered by EmblemHealth.
- **CompreHealth HMO Only:** if there is no enrollment in a PPO or EPO product, there is no minimum participation requirement.
- For groups with an odd number of employees, the 50% threshold will be determined by rounding up the total number of employees to the next even number and dividing by two.
- For groups offering multiple EmblemHealth Suite products, the total number of individuals enrolled in all products will count toward the above minimums. For example, a group with 9 eligible employees has 3 employees waiving coverage, leaving 6 eligible for the purposes of determining participation. Of those 6, 50%, or 3 employees must enroll in order for the group to qualify for coverage.
- Valid waivers for the purpose of determining participation requirements are:
 - Covered under spousal coverage,
 - Covered by Medicare,
 - Covered by COBRA
 - Covered through the VA

PRE-EXISTING CONDITIONS

- Month-for-month credit will be given to enrollees who had Medicaid coverage and/or other prior creditable coverage provided there is no lapse in coverage of more than 63 days.
- EmblemHealth will provide credit toward pre-existing condition limitations for prior creditable coverage under foreign plans to the same extent and according to the same standards that apply to domestic plans.

PREMIUM RATES

Premium rates are based on the group's New York State worksite location(s). Premium rates are **not** based on the residence of the employee.

- Premium rates for satellite office(s) within New York State but outside of the principal worksite's rating region will be rated based on the rating region of the satellite office.
- Groups with 2-50 eligible employees (even if only one employee actually enrolls) will receive small group premium rates; groups with one eligible employee (i.e., Sole Proprietors) will receive the Sole Proprietor rates.

SOLE PROPRIETORS

EmblemHealth requires **at least two of the following documents** to verify sole proprietor status:

- Schedule C – Coverage will be issued in the name of the company on this schedule.
- Form 1120-S - U.S. Corporation Income Tax Return for S corporations with K-1(s)
- Form 1065 with Schedule K-1
- CT-4-S - New York S Corporation Franchise Tax Return
- Schedule F - Profit and Loss From Farming
- Signed NYS-45 or NYS-45-ATT Form
- Articles of Incorporation or Certificate to Do Business
- A signed copy of the most recent Schedule SE – Self-Employment Tax Form.
- An EmblemHealth Letter of Certification signed by a CPA or Attorney who is not an employee or relative of an employee of the group.

A signed copy of the full tax return for the most recent tax year accompanied by the appropriate W-2s.

In addition, sole proprietors should include a Letter of Certification with their application. Such a letter may serve as a means for GHI to accept coverage in those instances where it is not clear from other documentation received that the sole proprietor is a qualified business or when only one of these nine documents are available.

- Sole proprietors must continue to operate their business at all times that EmblemHealth coverage is in effect. If EmblemHealth determines that business operation has ceased, EmblemHealth will terminate the contract and offer conversion to an individual product.

Employment of Spouse

Sole proprietors who employ a spouse in order to obtain a rate for groups with no fewer than two (2) and no more than fifty (50) eligibles must provide the following documents:

- A signed copy of the sole proprietor's most recent NYS-45-ATT.
- An EmblemHealth Letter of Certification signed by a CPA or Attorney who is not an employee or relative of an employee of the group, which certifies that the sole proprietor has hired his or her spouse as a full-time employee.
- If the sole proprietor's spouse shares in profits, proof of corporation or partnership status will be required before a rate for groups with no fewer than two (2) and no more than fifty (50) eligibles will be issued.

Mid-Contract Hiring

- A sole proprietor currently enrolled with EmblemHealth who hires staff during the contract period and is able to qualify for a rate for groups with no fewer than two (2) and no more than fifty (50) eligibles must provide the following documents:
 - An EmblemHealth Letter of Certification signed by a CPA or Attorney who is not an employee or relative of an employee of the group, which attests that the staff is working at least 20 hours per week and
 - Articles of Incorporation issued by the State of New York and
 - a payroll record acceptable to EmblemHealth.

If qualified, the change in status will take place the 1st of the following month.

- Documentation must be received by the 15th of the current month to be effective on the 1st of the following month. The group must produce tax documents within 90 days after the effective date of coverage to substantiate eligibility. If acceptable documentation is not provided to EmblemHealth, then coverage will be terminated.

Sole Proprietor Product Offering

EmblemHealth has two plan offerings for sole proprietors: A PPO High Deductible Health Plan (HSA compatible), and an EPO High Deductible Health Plan (HSA compatible).

“EmblemHealth provides health benefit coverage and services through its subsidiary companies in New York State: Group Health Incorporated, HIP Health Plan of New York, HIP Insurance Company of New York, GHI HMO Select Inc., The PerfectHealth Insurance Company, Connecticutcare of New York Inc. and EmblemHealth Services Company, L.L.C.”

