

2018

Underwriting Guidelines

LARGE GROUP

Effective January 1, 2018



Sutter Health Plus offers a variety of fully insured non-grandfathered HMO health plans, including high-deductible health plans (HDHPs) designed to be compatible with health savings accounts (HSAs). Standard benefit plan designs offer a range of deductible and copay options, including zero deductible plans.

SUTTER HEALTH PLUS SERVICE AREAS

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

PARTICIPATION

Custom Plans

Sutter Health Plus offers custom plans to large employer groups with 1,000 or more eligible employees and a minimum opportunity of 500 enrolled in a Sutter Health Plus plan. Please contact your Sutter Health Plus Account Executive for more information and requirements.

Optional Benefits Available

- Acupuncture*
- Chiropractic*
- Dental
- Vision
- Infertility
- Orthotics and Special Footwear

*Not available with HDHPs. Employer should seek legal counsel for guidance on IRS requirements for offering ancillary products and riders alongside HDHPs.

ELIGIBILITY

Employer Eligibility

Employer must qualify as a large business as defined under Section 414 of the Internal Revenue Service (IRS) code.

- Employer with 101 or more full-time equivalent employees on at least 50 percent of its working days during the preceding calendar quarter or calendar year
- Employer may be a governmental subdivision, education organization, non-profit organization, or religious institution
- Employer was not formed primarily for the purpose of obtaining health coverage and has a permanent business in nature (as allowed by legislation)
- Employees must be covered by workers' compensation when required by law

Slice Carrier Participation

Sole Carrier

- Minimum of 50 percent of all eligible employees must enroll in a Sutter Health Plus plan, less valid waivers

Dual Slice Carrier

- Minimum of 15 percent of all eligible employees must enroll in a Sutter Health Plus plan, less valid waivers with a minimum of 15 enrolled

Triple Slice Carrier

- Minimum of 10 percent of all eligible employees must enroll in a Sutter Health Plus plan, less valid waivers with a minimum of 10 enrolled

Sutter Health Plus will write a plan alongside a self-funded plan if there is no adverse selection to the Sutter Health Plus plan and if all required claims experience documents are reviewed and approved by Sutter Health Plus Underwriting.

Carve-out Populations

- Union and nonunion populations
- Employer with a population covered by a union contract may offer Sutter Health Plus group health coverage to non-union employees
- California-only population
- Coverage may be offered to California-eligible employees who live, work or reside in the licensed service area

Live, Work or Reside Rule

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

Employee Eligibility

Full-time Employees

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

Part-time Employees

- Works at least 20 hours but no more than 29 hours is deemed eligible if the following apply:
 - Meets the definition of an eligible employee except for the number of hours worked and has a bona fide employer-employee relationship;
 - Employer offers employee health coverage under a health benefit plan; and all similarly situated individuals are offered coverage under a health benefit plan

Partners/Officers

- Meet the definition of an eligible employee
- Proprietors, partners, or corporate officers enrolling must:
 - Draw wages, dividends, or other distributions from the company on a regular basis
 - Not derive substantial earned income from any other employer
 - Not be eligible for other employer-sponsored coverage as a subscriber

Commissioned Employees

- Must receive monetary compensation from their employer (subject to Form W-2 withholdings)

Seasonal Employees

- Covered if employer is required to treat them as a covered employee based on the final employer mandate of the guarantee issue provision; apply either a look-back measurement method or a monthly measurement method to determine whether a seasonal employee is full time

Dependent Eligibility

- Dependents must live, work or reside in the service area
- Employee's spouse or domestic partner of the same or opposite sex (over the age of 18) is eligible pursuant to state law; it is the employer's responsibility to validate eligibility; proof of marriage or domestic partnership is not required
- Employees over age 65 and enrolled in Medicare can select coverage for a spouse under age 65; spouse premium is equivalent to employee rate

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

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

Valid Waivers

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

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

Ineligible Employee

The following categories of employees are considered ineligible for coverage with Sutter Health Plus, unless they meet the employee eligibility requirements:

- Part-time employee, working fewer than the designated number of hours, as defined in the eligible employee guideline referenced above
- Employee in a waiting period
- Stockholder
- Trustee
- Board member
- Elected official
- School board member

- Temporary (not permanent) employee provided by a temporary agency or independent/commissioned contractor who receives a 1099 IRS filing
- Employee who has not worked for six months due to illness or injury or for 12 weeks due to a leave of absence or temporary layoff, even if he/she is covered by long-term disability coverage or worker's compensation coverage
- Employee who erroneously or fraudulently enrolled in coverage
- Foreign employee covered by his/her country's government health plan residing outside U.S.
- Private household employee
- Any class which is prohibited by the ACA rules regarding highly compensated employees; employer is responsible for enforcement
- Any individual who does not meet or ceases to meet eligibility requirements

Ineligible Dependents

- Dependent that was previously covered by Sutter Health Plus as a spouse of the subscriber, who is now divorced from the subscriber
- Children of whom the employee is not natural or step parent, adoptive parent, legal guardian, or court-ordered custodian, unless covered because they are children of an eligible domestic partner, civil union or same sex marriage
- Dependent children beyond age 26 as defined by the ACA or beyond the age required by State regulations if they require coverage beyond age 26
- Foreign exchange students
- Grandparents, parents, or other relatives

GENERAL TERMS AND CONDITIONS

Common Ownership

- Companies with common ownership may be considered a single group if the companies fall under the Health Insurance Portability and Accountability Act (HIPAA) definition, in which case the group will be rated with the combined census, and participation status will be determined based on the combined population
- The employers must submit documentation showing affiliation, such as:
 - Statement from CPA or attorney
 - Recently filed IRS Form 1120S (IRS Schedule O)
 - Recently filed IRS form 8869

Association, Trusts, PEOs, METs

- Sutter Health Plus will consider offering coverage based on review of all required legal documents including bylaws; requires Legal, Compliance, VP of Sales and CFO approval prior to quoting; must begin the process at least six months prior to the effective date

Mid-year Contract Changes

- Rates are guaranteed for 12 months; employer can terminate or renew its policy prior to the 12-month period
- Extensions of a 12-month rate are subject to Underwriting approval

Deductible and Out-of-Pocket Accumulation Credits

- Members are not credited for any expenses incurred toward satisfying deductibles or out-of-pocket maximums on any medical plan offered through another carrier
- All deductibles and out-of-pocket maximums reset to \$0 on the accumulation period start date; no credits will be carried over from the previous accumulation period to the next accumulation period

Member Effective and End Date

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

Employer Location Requirements

- Employer must maintain a valid business license or appropriate state filing to conduct business in the State of California
- Employer should be headquartered within the licensed service area; if the employer's business is headquartered outside of the Sutter Health Plus licensed service area, the employer may offer Sutter Health Plus coverage to those eligible employees physically working within the Sutter Health Plus licensed service area based on the live, work or reside rule

Affiliated Employer

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

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



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