

# Underwriting Guidelines

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2020 | **LARGE GROUP PLANS**

*Effective January 2020*

Sutter Health Plus offers a variety of fully insured 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 Area

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

*\*Not licensed in all ZIP codes.*

# General Underwriting

## Custom Plans

Sutter Health Plus offers custom plans to large employer groups with 1,000 or more eligible employees when there is an opportunity to enroll at least 500 members in a Sutter Health Plus medical plan. Please contact your Sutter Health Plus Account Executive for more information.

## Participation

### Sole Carrier

- A minimum of 50 percent of all eligible employees must enroll in a Sutter Health Plus medical plan

### Slice Carrier

- A minimum of 10 eligible employees must enroll in a Sutter Health Plus medical plan with no more than two additional carriers offered by the employer

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

## Benefit Plan Rules

Sutter Health Plus will allow up to three of its plans for large groups.

## Contribution

The minimum contribution is 50 percent of the employees' monthly premium for the lowest-cost medical plan offered by the employer.

## Optional Benefits Available

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

## 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. Sutter Health Plus defines "live" as where a member is staying, but may not be the member's primary residence; and defines "reside" as a member's primary residence. For example, a member may "live" at a college dormitory in the Sutter Health Plus licensed service area, but it is not in the member's permanent residence.

## Eligibility

### Employer Eligibility

To qualify as a large group, an employer must meet the definition outlined under Section 414 of the Internal Revenue Service (IRS) code. This includes meeting the following:

- An 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
- The employer must be a corporation, LLC, partnership or proprietorship; the employer may also be a governmental subdivision, education organization, a non-profit organization, or religious institution
- Associations, Trusts, Professional Employer Organizations, multiple employer trusts are considered for coverage based on a review of all required legal documents including bylaws; requires Legal, Compliance, VP of Sales and CFO approval before quoting; and the employer must begin the process at least six months before the effective date
- The employer was not formed primarily to obtain health care coverage and has a permanent business
- The employer must provide workers' compensation coverage when required by law

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

## 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 must have at least one employer headquarters and one employee in the licensed service area
- The breakaway employer must complete all new employer and employee applications and contracts

## 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 one of the following:

- Statement from a certified public accountant or attorney
- Recently filed IRS Form 1120S (IRS Schedule O)
- Recently filed IRS Form 8869

Sutter Health Plus can set up subaccounts for all affiliated employers for accounting purposes.

## 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

- The employee must work at least 16 hours but no more than 29 hours per week and:
  - Meet the definition of an eligible employee except for the number of hours worked and has a bona fide employer-employee relationship
  - The employer offers employee health coverage under a health benefit plan, and all similarly situated individuals are offered coverage under a medical plan

### Officers/Stockholder/Trustees/Board Members/Elected Officials

- Meet the definition of an eligible employee and must:
  - Draw wages, dividends, or other distributions from the company regularly
  - 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 the employer is required to treat them as a covered employee; must apply either a look-back measurement method or a monthly measurement method to determine whether a seasonal employee is full time

### Carve-out Populations

- An employer with a population covered by a union contract may offer a Sutter Health Plus medical plan to nonunion employees
- An employer with employees only in California
  - Coverage may be offered to California-eligible employees who live, work or reside in the Sutter Health Plus licensed service area

## Dependent Eligibility

- Dependents must live, work or reside in the service area
- An employee's spouse or domestic partner of the same or opposite sex, over age 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 the employee rate
- Children through the end of the month in which they turn age 26, including adopted, step, or recognized natural child or any child for whom the employee has assumed a parent-child relationship, as certified by the employee at the time of enrollment of the child, and annually thereafter up to age 26
- Disabled dependent children 26 years of age or older who 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 receive covered services in the Sutter Health Plus licensed service area. Only urgent and emergency care is covered outside the Sutter Health Plus licensed service area.

## Early Retirees under 65

- If the employer is offering coverage for eligible early retirees and their dependents under age 65, Sutter Health Plus can offer coverage if the same plans are offered to both the active and retiree

populations residing within the Sutter Health Plus licensed service area

- Eligible retirees under the age of 65 must live or reside within the Sutter Health Plus licensed service area

## Employees 65 or Older

- An employee age 65 or older who meets the definition of an eligible employee is eligible to enroll in a Sutter Health Plus medical plan, as long as the employee meets all other eligibility requirements
- Eligible dependents of employees age 65 or older will be offered the same dependent rate as an active employee dependent
- Eligible dependents of employees age 65 or older can enroll in a Sutter Health Plus medical plan offered by the employer without enrolling the eligible employee; the first dependent enrolled must pay the active employee rate or the family rate based on the dependent tier
- Sutter Health Plus is not licensed to sell Medicare Advantage plans

## Ineligible Employees

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

- A part-time employee, working fewer than the designated number of hours, as defined in the eligible employee guideline previously referenced
- An employee in a waiting period
- A stockholder
- A trustee
- A board member
- An elected official
- A school board member
- A temporary (not permanent) employee provided by a temporary agency or independent/commissioned contractor who receives a 1099 IRS filing

- An 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
- An employee who erroneously or fraudulently enrolled in coverage
- A foreign employee covered by his/her country's government health plan residing outside the U.S.
- Private household employee
- Any class which is prohibited by the Affordable Care Act (ACA) rules regarding highly compensated employees; the employer is responsible for enforcement
- Any individual who does not meet or ceases to meet eligibility requirements
- Employee who has coverage with another carrier through another employer
- Employee who has coverage through Covered California due to subsidy
- Employee's spouse or domestic partner that works for the same employer
- Employee who has an individual plan through Medi-Cal due to subsidy
- Employee who has military benefits through TRICARE
- Employee who has coverage through a Federal Employee Health Benefits Program

## General Terms and Conditions

### Ineligible Dependents

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

- A dependent who was previously covered by Sutter Health Plus as a spouse of the subscriber, who is now divorced from the subscriber
- A child of a subscriber who is not the natural or adoptive parent, step parent, legal guardian, or court-ordered custodian, unless covered because he or she is a child of an eligible domestic partner, a civil union or the same-sex marriage
- A dependent child over age 26 as defined by the ACA or over the age required by state regulations if he or she requires coverage over age 26
- A foreign exchange student
- A grandparent, parent, grandchild, or other relative
- A dependent of a qualified dependent

### Valid Waivers

Valid waivers are defined as an:

- Employee who is a dependent through a spouse or parent's health plan

### 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 zero on the accumulation period start date; no credits will be carried over from the previous accumulation period to the next accumulation period

### Employer Effective and End Date

- The effective date is the first day of the month
- The end date is the last day of the month

### Mid-year Contract Changes

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

## Employer Location Requirements

- The employer must maintain a valid business license or appropriate state filing to conduct business in California
- An 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, and the employer has additional locations within the licensed service area, the employer may offer Sutter Health Plus coverage to those eligible employees who live, work or reside within the Sutter Health Plus licensed service area



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](mailto:shpsales@sutterhealth.org).

