

# Field Underwriting Guidelines

## For Commercial Groups

Field Underwriting Guidelines – Commercial Groups



Presbyterian Health Plan  
Presbyterian Insurance Company, Inc.

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## **Introduction**

The following summary is a brief overview of underwriting policies and procedures that generally apply to common situations in the marketplace. This summary is not intended as a complete representation of all of Presbyterian Health Plan and Presbyterian Insurance Company, Inc. (Presbyterian) underwriting rules, or as an advance indication of approval or declination for any situation. These guidelines are subject to change at any time.

In all cases, Presbyterian will exercise its best efforts to accommodate customer requests that are legal, ethical, and do not create a disadvantageous business situation.

## **What Types of Groups Can Be Covered?**

Your Presbyterian Sales Representative can assist you in determining whether special circumstances meet Presbyterian's Underwriting Guidelines.

Presbyterian can generally cover groups that meet all of the following criteria:

- The group is located in New Mexico, is licensed in the state, and has a physical New Mexico state address for central health insurance administration.
- The group was formed for conducting a permanent business, and not primarily to purchase health insurance.
- The group has two (2) or more eligible employees with a direct employer/employee relationship and at least two (2) employees are enrolled.
- The group has filed a current State Unemployment Taxes (SUTA) form, indicating status of all employees or a current Tax filing.
- The group contributes at least 50 percent of the single rate for all employees.
- The group offers Presbyterian as a Sole Carrier (pertains to groups with fewer than 200 eligible employees).
- The group is able to generate sufficient employee participation (see "Participation, Multiple Plan, and Multiple Carrier Guidelines").
- Association Type group that is incorporated with a constitution and bylaws which has been organized and maintained in good faith for purposes other than that of obtaining insurance and is maintained for members of the association.

## What is Needed for New Group Proposals and New Sold Case Installations?

Your Presbyterian Sales Representative will facilitate the entire process of obtaining proposals for your clients.

Following is a summary of the information that will support the most accurate rate quotes for **New Group Proposals**:

Small Groups	Large Groups
<ul style="list-style-type: none"> <li><input type="checkbox"/> Request for Quote form</li> <li><input type="checkbox"/> Census Information, to include ZIP codes, age or date of birth, and gender for all eligible employees</li> <li><input type="checkbox"/> Universal/Uniform Medical Assessment form (UMAF) for each employee, dated within 90 days of the group's effective date</li> <li><input type="checkbox"/> Articles of Incorporation and By-Laws for Association Groups</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Request for Quote form</li> <li><input type="checkbox"/> Census Information in Excel format, to include ZIP codes, age or Date of Birth, coverage type, and gender for all eligible employees; breaking out retirees and Consolidated Omnibus Budget Reconciliation Act (COBRA) beneficiaries separately</li> <li><input type="checkbox"/> Claims experience (2 complete years), including a break-out of claims over \$25,000; UMAF if claims experience is unavailable</li> <li><input type="checkbox"/> Current plan design and requested plan(s)</li> <li><input type="checkbox"/> Rate history and renewal rates if available; copy of most recent bill</li> <li><input type="checkbox"/> Articles of Incorporation and By-Laws for Association Groups</li> </ul>

Following is a summary of the information and documentation that will generally be needed for installation of **New Sold Cases**:

Small Groups	Large Groups
<ul style="list-style-type: none"> <li><input type="checkbox"/> Completed Group Information Sheet</li> <li><input type="checkbox"/> Current State Unemployment Taxes (SUTA) form, indicating status of all employees or current Tax filing.</li> <li><input type="checkbox"/> Current business license, if a new business and a list of employees on company letterhead if not part of the SUTA</li> <li><input type="checkbox"/> UMAF for each employee, dated within 90 days of the group's effective date</li> <li><input type="checkbox"/> Enrollment Application/Waiver for all eligible employees</li> <li><input type="checkbox"/> Prior billing information if group is selecting a Preferred Provider Organization (PPO) benefit plan</li> <li><input type="checkbox"/> First month's premium check</li> <li><input type="checkbox"/> Signed Group Contract and Hours Worked Amendment.</li> <li><input type="checkbox"/> List of employees, which must include status identifying full-time, part-time, seasonal, waiving with valid other coverage, waiving without valid other coverage, employees in the waiting period, and terminated employees</li> <li><input type="checkbox"/> Articles of Incorporation and By-Laws for Association Groups</li> <li><input type="checkbox"/> Groups already enrolled with Presbyterian can enroll with an Association Group at time of renewal.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Completed Group Information Sheet</li> <li><input type="checkbox"/> Enrollment Application/Waiver for all eligible employees</li> <li><input type="checkbox"/> Prior to Effective Date: First month's premium check</li> <li><input type="checkbox"/> Current State Unemployment Taxes (SUTA) form, indicating status of all employees</li> <li><input type="checkbox"/> Current business license, if a new business</li> <li><input type="checkbox"/> UMAF for each employee, dated within 90 days of the group's effective date</li> <li><input type="checkbox"/> Enrollment Application/Waiver for all eligible employees</li> <li><input type="checkbox"/> Prior billing information if group is selecting a PPO benefit plan</li> <li><input type="checkbox"/> Signed Group Contract</li> <li><input type="checkbox"/> Articles of incorporation and By-Laws for Association Groups</li> </ul>

For New Sold Case Installation and to accommodate timely administration of group installation and accurate first-month billing, provide all documentation to Presbyterian at least 10 business days prior to the group's effective date.

Your Presbyterian Account Management Representative will facilitate the entire renewal process for your clients. In order to obtain **renewal proposals and have an orderly renewal process**, documents such as the Presbyterian Renewal Strategy form, a Request for Proposal (RFP) issued by a benefits advisor or similar materials should be provided to Presbyterian at least three (3) months prior to the group's renewal date. A current State Unemployment Taxes (SUTA) form, indicating status of all employees or current Tax filing and a list of all employees on company letterhead may be requested for business verification.

## Who Can Enroll, and When?

### *General Eligibility*

Your Presbyterian Sales Representative can assist you with evaluating the eligibility of individuals with special circumstances. For general eligibility, Presbyterian may enroll individuals that meet the following criteria:

- Permanent, non-seasonal, paid employees that work a minimum of 20 hours per week unless otherwise amended in the Hours Worked Amendment (at the time of installation or renewal, employers may set their own eligibility standards that are more restrictive).
- Employees who have met their employer's discretionary waiting period (also set at the time of installation or renewal).
- Employees who live in New Mexico or commute to a place of work in New Mexico (also see "Out-of-Area Employees" below).
- Spouses, children, and qualified domestic partners of eligible employees who would like to enroll. Domestic partner enrollment can be supported by submitting the employer's policy/procedure regarding domestic partner benefits eligibility.

### *Late Enrollee*

Your Presbyterian Sales Representative can assist you with evaluating the eligibility of a Late Enrollee. For general eligibility, Presbyterian may enroll individuals that meet the following criteria for a Late Enrollee:

- All requests to retroactively add a late enrollee(s) must be submitted and received by underwriting for consideration within 31 days of the group's initial effective date.
- Submission of a new SUTA, Employee Action form(s) and UMAF(s), and a list of employees, which includes the late enrolled employee(s), will be required.
- To effectively assess the risk, the group will be rerated using any additional UMAFs submitted for the late enrollee(s).
- Employee must have been hired as a full-time employee and if group is not waiving the waiting period, the employee must have met the group's waiting period requirements.

### *Out-of-Area Employees*

- For all Groups, Presbyterian products can accommodate enrolled employees residing outside of the service area, if they work at a location within the service area and if they can reasonably access Presbyterian participating providers.
- In order to address other situations where employees reside and work outside of the service area, Presbyterian may offer PPO products to cover employees residing anywhere in the U.S. Please contact your Account Manager for the specifics for this arrangement. Generally, Small Group Out-of-Area guidelines are outlined in the chart below. Large groups are underwritten on a case by case basis.

Small Group Out-of-Area Guidelines with maximum percent (%) allowed Out-of-Area	
Group Size	% of Out-of-Area employees enrolled
2-4 enrolled employees	Out-of-Area enrollment not allowed
5-9 enrolled employees	1 employee
10 or more enrolled employees	Maximum of 30% of total enrolled employees
<ul style="list-style-type: none"> <li>• Out of Area <b>enrollment</b> guidelines mirrors the In-state enrollment guidelines.</li> <li>• If a group has Out-of-Area employees, the entire group must enroll in a PPO product with Presbyterian Insurance Company unless the group has Dual Option or is an Association Group, then Out-of-Area employees must a PPO benefit plan.</li> <li>• If a group selects Dual Option or is an Association Group, In-state employees may select either/or HMO/PPO and Out-of-State Employees may only select PPO.</li> <li>• If a group exceeds the percent of Out-of-Area as outlined above or has a large number of employees in a given state (based on Underwriting review), the group will be given three (3) months to obtain other enrollment options for the number of Out-of-State employees that exceed the limit.</li> </ul>	

### ***COBRA Participants***

Group health plans for employers with 20 or more employees on more than 50 percent of its typical business days in the previous calendar year are subject to COBRA. Both full-time and part-time employees are counted to determine whether a plan is subject to COBRA. Each part-time employee counts as a fraction of an employee, with the fraction equal to the number of hours that the part-time employee worked divided by the hours an employee must work to be considered full-time.

### ***Retirees and Medicare Participants***

There are many options available for covering retirees, dependents of retirees, Medicare-eligible active employees, and similar situations. Some examples include the following:

- Group Retiree Plans for Large Groups. For Large Groups that extend health benefits coverage to retirees based on clear and consistent eligibility rules, Presbyterian can cover retiree participation of up to 20 percent of total enrollment. Rate structures will be determined by underwriting review, Medicare eligibility status, and employer preferences. Dependents of Group Retiree Plans can also be covered by Presbyterian.
- Medicare-Eligible Active Employees and Dependents. Active employees and their dependents currently enrolled in conventional Medicare coverage may also enroll in Presbyterian Group benefit plans. The regulations surrounding coordination of benefits in these situations are complex, but in general:
  - For Groups with 2-19 total employees, Medicare Parts A & B are considered the Primary insurance carrier and Presbyterian would be the Secondary carrier.
  - For larger groups, Presbyterian would be the Primary insurance carrier and Medicare would be the Secondary carrier.



### *Open Enrollment and Qualifying Events*

Enrollment may occur at either the time of the group's regular open enrollment, as soon as a new hire meets their employer-specified waiting period, or within 31 days of a Qualifying Event.

Some common examples of Qualifying Events include:

- A newborn, whose parent is an existing member, may be enrolled within 31 days of its birth.
- An existing member marries or engages in a new qualified domestic partner relationship. Their new spouse or domestic partner may enroll within 31 days of the date of marriage or decreed partnership. Your Presbyterian Account Representative will review with you the specific requirements for enrolling domestic partner coverage.
- Enrollment Outside of Enrollment Period for employees who declined coverage or due to involuntary termination or loss of coverage: If an eligible employee signed a waiver declining coverage from the group because he or she is covered under a spouse's contract, the employee may enroll in coverage outside of the normal enrollment period if his or her spouse loses coverage. Application must be submitted and received within 31 days of loss of coverage and coverage will be effective as of the date of the loss of coverage. Proof of Coverage loss is required. Under this circumstance, the employee or dependent will be considered a Late Enrollee as a result of a Special Qualifying Event. Your Presbyterian Sales Representative can assist you with evaluating the eligibility of a Late Enrollee. For general eligibility, Presbyterian may enroll individuals that meet the following criteria for a Late Enrollee:
  1. All requests to add a Late Enrollee(s) must be submitted and received by underwriting for consideration within 31 days of the Qualifying Event.
  2. If a change in demographics or medical risk is 10 percent or more, submission of a new SUTA, Employee Action form(s) and UMAF(s), will be required.
  3. To effectively assess the risk, the group will be rerated using any additional UMAFs submitted for the late enrollee(s).

***Waiting Periods***

The employer establishes a waiting period for all eligible full-time employees covered under the plan. An employee begins their waiting period at the time of initial full-time status. Coverage is effective on the first of the month following completion of the waiting period unless the waiting period is “Date of Hire” then the effective date is the date of hire. Waiting periods can range from 0 (zero) to 180 days, in 30-day increments.

**Group Size****Waiting Period Options**

2-9 enrolled employees

First of the month following no fewer than 30 days to no more than 180 days in 30-day increments.

10-50 enrolled employees or Association Groups

- Date of hire; or
- First of the month following the date of hire; or
- First of the month following 30 days, but no more than 180 days in 30-day increments.

## Participation, Multiple-Plan, Multiple-Carrier Guidelines, and Carveout

### *Summary of Standard Guidelines*

<b>Guideline</b>	<b>Small Groups (2-4 eligible)</b>	<b>Small Groups (5-9 eligible)</b>	<b>Small Groups (10-19 eligible)</b>	<b>Small Groups (20-50 eligible)</b>	<b>Large Groups (51-199 eligible) and Association Groups</b>	<b>Large Groups (200 and over eligible)</b>
<b>Minimum Participation</b> (see below)	100% participation	80% Participation	75% participation	60% participation	50% participation	50% participation
<b>Presbyterian Plan Options by Class</b> (see below)	Not Available for new Sold Case	Not Available for new Sold Case	Not Available for new Sold Case	Not Available for new Sold Case	Not Available for new Sold Case	Not Available for new Sold Case
<b>Guideline</b>	<b>Small Groups (2-5 enrolled)</b>	<b>Small Groups (5-9 enrolled)</b>	<b>Small Groups (10-19 enrolled)</b>	<b>Small Groups (20-50 enrolled) and Association Groups</b>	<b>Large Groups (51-199 enrolled)</b>	<b>Large Groups (200 and over enrolled)</b>
<b>Presbyterian Open Plan Options</b> (see below)	Not Available	Not Available	Open Dual Plan Options Available	Open Dual Plan Options Available	Open Multiple Plan Options Available	Open Multiple Plan Options Available
<b>Multiple Carriers</b>	Not Available	Not Available	Not Available	Not Available	Considered	Multiple Carriers Considered

### *Participation Definition*

Participation requirement percentages in the above table are determined by the number of eligible employees less the number of employees with valid waivers. Valid waivers typically involve enrollment as a dependent in another group plan or enrollment in a public sector health benefits program; enrollment in an individual health plan is generally not recognized as a valid waiver of coverage. Examples of valid public sector health benefits programs are: Medicare, Medicaid (i.e. Salud), Indian Health Services (IHS), Civilian Health and Medical Program of Uniformed Services (CHAMPUS), Veterans Affairs (VA), University of New Mexico (UNM) Care, and Insure New Mexico (NM) initiatives such as State Coverage Insurance (SCI).

### *Multiple Presbyterian Plans*

Multiple plan options may be appropriate in certain open enrollment situations subject to Underwriting Guidelines and approval.

- Presbyterian refers to “**Open Dual Plan Option**” or “**Open Multiple Plan Option**” as the situations when the employer offers employees a choice of Presbyterian benefit plans. Considerations include the following: group size; enrollment participation level; benefit designs requested; employer’s contribution strategy; number of plans requested; etc.
- Multiple plan option selection must be reviewed and approved by Presbyterian Underwriting.
- Multiple plan option selection for Association Groups are predefined – please contact your Presbyterian Sales Representative.

### *Multiple-Carrier Offerings in Large Groups*

Presbyterian may elect to participate with other carriers offered by the same Large Group if the situation will support fair and balanced risk selection. Following are some of the key considerations:

- The details of the situation are clearly disclosed in advance and reviewed and approved by Presbyterian’s underwriters.
- Greater than 200 eligible employees, with a greater than 75 percent (both carriers) total participation rate.
- A pattern of relative benefit designs, premiums, and contribution strategies, which do not place Presbyterian in a disadvantageous position of having richer benefits with substantially higher payroll deductions.
- Upon renewal, a sufficient enrollment in Presbyterian coverage that will create a balanced risk pool.

### *Management or Class Carveout Regulatory Requirements*

Internal Revenue Bulletin: 2011-2 issued on January 10, 2011 under Notice 2011-1 Affordable Care Act Nondiscrimination Provisions Applicable to Insured Group Health Plans; Section 10101(d) of the Affordable Care Act adds § 2716 which references the substantive nondiscrimination requirements of § 105(h) of the Internal Revenue Code. Plan sponsors, which includes employers, are solely responsible for complying with these rules. Employers or plan sponsors may not establish eligibility rules that favor highly compensated employees. An insured group health plan that fails to comply with these rules may be subject to: (1) an excise tax that generally applies for a plan failing to comply with the requirements (2) civil money penalties or (3) a civil action for employers. Employers or plan sponsors should consult their legal counsel to seek advice on the above requirements for non-discrimination as it relates to their choice of health care coverage.

## **Workers' Compensation Insurance**

Presbyterian health plan or Presbyterian Insurance Company coverage is not in lieu of and does not affect any requirement for Coverage by the New Mexico Workers' Compensation Act. However, an employee of a professional or business corporation may affirmatively elect not to accept the provisions of the New Mexico Workers' Compensation Act.

An employee may waive workers' compensation Coverage provided that the following criteria have been met:

- The employee is an executive officer of a professional or business corporation; and
- The employee owns 10 percent or more of the outstanding stock of the professional or business corporation.

For purposes of the New Mexico Workers' Compensation Act, an "executive officer" means the chairperson of the board, president, vice-president, secretary or treasurer of a professional or business corporation.

In the event that an employee chooses to opt out of workers' compensation Coverage and meets the criteria as stated above, Presbyterian will provide 24-hour healthcare coverage to those employees, subject to eligibility requirements. In addition to meeting eligibility requirements, documentation indicating that the aforementioned criteria have been met will be required in order for our coverage to become effective.

## **Affiliated Groups**

- A subsidiary company, subsidiary, or daughter company is a company that is controlled by another company that owns more than half of the subsidiary's stock. The subsidiary can be a company, corporation, or limited liability company. In some cases, it is a government or state-owned enterprise; i.e., a public-private partnership. The controlling entity is called its parent company, parent, or holding company.
- An affiliated company eligible to file a combined Tax Return for purposes of state taxation shall be considered as one group.
- A partnership, with common ownership of several businesses, can enroll as one (1) account. Proof of common ownership must be provided and signed by an officer of the company along with tax identification and supporting documentation.
- All groups must be licensed business entities in the State of New Mexico and have a physical address in the Presbyterian Service Area where central administration is conducted in order to be considered eligible for coverage.

**Examples of Groups not eligible for coverage**

- Groups previously canceled by Presbyterian Insurance Company, Inc., for non-payment of premium or leaving a premium balance due that has not been collected will be declined for a period of six-months following date termed.
- Companies without Workers' Compensation coverage. (Exceptions include farms and family businesses that employ solely family members.)
- Companies that are insolvent or under Chapter 11 bankruptcy protection or companies that have been out of such court ordered protection less than six (6) months.
- New companies that previously did not offer health insurance and have not filed federal tax forms unless they provide a copy of the formation documents detailing their start date.
- Companies that have not filed a tax filing for the current tax period unless the company has filed an extension.

## **Small Group Definitions**

Regulations including the Federal Health Insurance Portability and Accountability Act (HIPAA), as well as the New Mexico Revised Small Group and Renewability Act, generally define a legally constituted group with an established employer/employee relationship having 2-50 eligible employees in all locations in the United States, as a Small Group. Eligible employees generally include those working a minimum of 20 hours per week or as otherwise specified on the group's Hours Worked Amendment.

Small Groups are entitled to guaranteed issue, guaranteed renewability, limitations on pricing ranges, and other provisions. Other regulatory matters that are tied to definitions of group size include COBRA participation, mandated benefits, Medicare benefits, etc.

### **Examples of common legal definitions:**

#### ***New Mexico Statutes: Group Health Insurance Definition***

Group health insurance is that form of health insurance covering groups of persons, with or without their dependents, and issued upon the following basis: under a policy issued to an employer, who shall be deemed the policyholder, insuring at least one employee of such employer for the benefit of persons other than the employer.

#### ***New Mexico Statutes: Small Employer Definition***

Small Employer means any person, firm, corporation, partnership, or association actively engaged in business that, on at least fifty percent of its working days during either of the two (2) preceding years, employed no less than two (2) and no more than fifty (50) eligible employees. In determining the number of eligible employees, companies that are affiliated or eligible to file a combined tax return for purposes of state taxation shall be considered one (1) employer. In the case of an employer that was not in existence throughout a preceding calendar year, the determination of whether the employer is a small or large employer shall be based on the average number of employees that it is reasonably expected to employ on working days in the current calendar year.

#### ***Federal Health Insurance Portability and Accountability Act (HIPAA): Small Employer Definition***

Small Employer means an entity in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least two (2) but not more than fifty (50) employees on business days during the preceding calendar year and who employed at least two (2) employees on the first day of the plan year.