Underwriting Guidelines

Small Group (1-100)

COMMUNITY CARE HEALTH

Revised January 1, 2020

Community Care Health (CCH) is Fresno's Only Locally Based, Commercial Health Plan.

CCH is a comprehensive health care service plan that offers a full range of medical care for the large group commercial market. CCH can design customized HMO plan options to help meet a variety of healthcare needs and budgets. Plan designs include traditional, and deductible health plans. Plan coverage includes hospitalization, outpatient services, prescription drug coverage and no out-of-pocket cost preventive services among others.

For more information about products, plans and quotes, please call CCH customer services at 1 (855) 343-CCHP (2247).

CCH Service Areas

CCH's enrollees and potential enrollees live and/or work in the geographic area of Fresno County and select zip codes in Kings and Madera counties.

INTRODUCTION

These are underwriting guidelines to CCH's general approach to evaluating and offering coverage to small business groups. These underwriting guidelines are not intended to be all-inclusive. Other policies and guidelines may apply.

The final decision to accept or decline a group for coverage, specify terms of coverage, or grant requests for changes is contingent upon authorization from CCH small business underwriting, subject to applicable law.

Brokers are not authorized to bind or guarantee coverage, premium rates, or effective dates. All prospective small group businesses should maintain their current coverage until notified by CCH of approval of coverage.

ELIGIBILITY

To qualify for CCH Plan coverage on a guaranteed-issue basis, an employer must meet and continue to meet certain requirements. These requirements are defined in the ACA; the California small group law; and in CCH's group eligibility requirements.

EMPLOYER ELIGIBILITY

- An employer must have at least one but no more than 100 full-time and full-time equivalent (FTE) employees, not including spouses and owners, for at least 50% of its working days for the previous calendar quarter or previous calendar year.
  - Full-time employees are permanent employees actively engaged in the conduct of business on a full time basis. They must have a normal workweek averaging 30 hours per week over the course of a month, work at the employer's regular place of business, be subject to withholding on a W-2 form, and if applicable met their waiting period.
  - FTE employees are a combination of employees, each of whom individually isn't a full time employee (because they're not employed on average at least 30 hours per week) but who, in combination, are counted as the equivalent of a full time employee.
- An employer must offer health plan coverage to 100% of its eligible employees.
- An employer must have at least one W-2 employee (excluding the owner, spouse, or legal domestic partner) and ensure that they comply with CCH's participation requirements.
- An enrolling proprietor, partner, or corporate officer who isn't listed in the DE 9C needs to complete and submit an Owner/Officer Eligibility Statement and other applicable documents to demonstrate proof of ownership.
- The employer must have a workers' compensation policy when required by law.
- An employer must maintain business licensure and/or appropriate state filings allowing the business to conduct business in the State of California. If an employer's business is located in California but outside of the CCH service area, only employees living, working or residing in the service area are eligible for coverage.
- The business must NOT have been formed primarily for the purpose of buying a health plan or coverage.

AFFILIATED COMPANIES

- Affiliated companies under common control are required to enroll separately unless they're eligible to file a combined tax return for the purposes of state taxation.
- Affiliated companies eligible to file a combined tax return for the purposes of state taxation may request that CCH treat the employers as a single employer under one contract and must:
  - Submit one of the following documents
    - Statement from a certified public accountant or attorney
    - Recently filed IRS Form 112OS (IRS Schedule O)
    - Recently filed IRS form 8869
  - Have a combined total of no more than 100 full-time and full-time equivalent eligible employees to remain a small group.
- In determining group size, affiliated companies eligible to file a combined tax return for purposes of state taxation are considered one employer even if they're not presently filing together.

EMPLOYEE ELIGIBILITY

Full-time Employees

To be eligible as a full-time employee, a person is required to:

- Be a permanent employee. Eligible employees do not include sole proprietors or the spouses of those sole proprietors, partners of a partnership or the spouses of those partners, or employees who work on a part time, temporary, or substitute basis.
- Be actively engaged and regularly scheduled on a full-time basis in the conduct of the business of the small group employer
- Have a normal workweek averaging 30 hours or more, through the small group employer's regular place of business

Part-time Employees

To be eligible as part-time employee, a person is required to:

- Be a permanent employee who isn't a spouse, owner or legal domestic partner
- Be actively engaged and regularly scheduled on a part-time basis in the conduct of the business of the small group employer
- Work at least 20 hours but not more than 29 hours per a normal workweek.

In addition to the eligibility rules above, full-time and part-time employees must:

- Receive monetary compensation for their work subject to Form W-2 withholdings.
- Be a bona fide employee of the employer.
- Satisfy any applicable employer-imposed eligibility waiting periods.
- Not be a sole proprietor or the spouse of a sole proprietor, partners of a partnership or the spouses of those partners

Proprietors/Partners/Corporate Officers

In addition to the employee eligibility rules above, enrolling proprietors, partners or corporate officers must:

- Draw wages, dividends, or other distributions from the business on a regular basis.
- Not receive substantial earned income from any other employer.
- Not be eligible for other employer-sponsored coverage as a subscriber.

DEPENDENT ELIGIBILITY

Dependent coverage is available to the following individuals if the employer group allows enrollment of dependents. Dependents must live, work or reside in the service area, except for students and workers on extended assignments outside the service area. CCH may grant additional exceptions on a case by case basis. Dependents may only enroll in the same plan as the eligible employee.

- An employee's legally married spouse who is not covered for benefits as an employee and is not legally separated from the employee, or
- An employee's domestic partner who is not covered for benefits as an employee. It is the employer's responsibility to validate eligibility; proof of marriage or domestic partnership is not required by CCH
- An employee's or a spouse's children (including adopted or placed for adoption children) who are under age 26.
- Children (not including foster children) for whom the employee or spouse is the court-appointed guardian (or was when the person reached age 18) if they're under age 26.
- Children whose parent is a dependent under the employee's family coverage (in other words, eligible grandchildren of the subscriber), including adopted children or children placed with the employee's dependent for adoption, but not including foster children, if they meet all of the following requirements:
  - They're under age 26.
  - They're not married and don't have a domestic partner.
  - They receive all of their support and maintenance from the employee or spouse.
  - They permanently live with the employee or spouse.

- 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% or more of their support and maintenance from the employee's spouse or domestic partner may qualify for eligibility. Proof of incapacity and dependency must be submitted within 60 days of request.
- An employee has the option of enrolling as a subscriber or a dependent in certain circumstances (for example, a husband and wife working for the same business), but not as a subscriber and dependent in the same situation.

INELIGIBLE CATEGORIES

The following employer classifications do not meet California Small Group legal requirements standards and are ineligible employers. Employers with classifications not listed below may also be ineligible if they fail other requirements. The absence of a category in this list does not establish eligibility by default.

- Associations, unless the group meets the definition of a guaranteed association.
- Multiple Employer Trusts.
- Union Trust Plans.
- Owner only—groups that don't have a bona fide employee on payroll enrolling with CCH or other group health plan.
- Taft-Hartley groups.
- Retirees
- Hour bank groups
- Contracted employees (1099)
- Seasonal, temporary and substitute employees who do not meet the ACA definition of an eligible employee
- Foreign employees
- Private household employees

EMPLOYERS WITH UNION AND NON-UNION EMPLOYEES

Group size is based on all eligible employees, union and non-union (when both classes are permitted to enroll). If union members are not permitted to enroll in a Small Group plan, they are not counted under group size. Participation requirements are based on the employees who are permitted to enroll with CCH.

- Employers who own the union contract and don't pay into the union trust fund are eligible to enroll the entire group of union and non-union employees
- If union employees receive health coverage through the union trust fund, then only non-union employees are eligible for CCH's small group coverage. The employer is required to submit a current and itemized contribution of wages report.

BREAKAWAY/SPIN-OFF GROUPS

A breakaway or spin-off business is a business that is newly formed from employees of an existing business to become a distinct and separate entity. Employees forming this business are no longer employed by the original business and are applying for coverage under a new contract.

- If the breakaway or spin-off businesses are still affiliated and can file a combined tax return, then the companies are treated as a single business and written under the same contract. The group is still considered to be a single business even if the businesses choose to file separate tax returns.
- If the breakaway or spin off business is new to CCH, employees can be noted on the DE 9C/payroll records of the original group in order to document employees. If the provided documentation shows the original group has been in business for more than 6 weeks, the breakaway group can meet this requirement with their own records.
- For all existing CCH breakaway or spin-off groups, the original employer remains with CCH on the existing contract, while the breakaway employer receives a new group number.

GENERAL UNDERWRITING GUIDELINES

PARTICIPATION

- The employer must comply with the health plan's participation requirements and ensure that at least one W-2 employee (excluding the owner, spouse, or legal domestic partner) enrolls in CCH or other group health plan. Owners don't count toward participation unless they're enrolling.
- An employee is considered to have group health plan coverage and count toward the requirement when:
  - He or she enrolls in a CCH plan offered by the group.
  - He or she declines coverage due to other group coverage.
- Employees who aren't eligible for coverage, including those who haven't satisfied the employer-imposed waiting period, are excluded from the participation percentage calculation. Waiting period is determined by the employer.

GUARANTEED AVAILABILITY

- The federal law requiring guaranteed availability of coverage provides that small business employers can't be denied guaranteed availability of coverage for failure to satisfy minimum participation or contribution requirements. There are no exceptions to guaranteed availability based on a minimum contribution or participation requirements, but the law permits a health plan or insurer to limit enrollment in coverage to open and special enrollment periods. If a small group employer doesn't meet contribution or minimum participation requirements, a health plan or insurer can limit its offering of coverage to an annual open enrollment period, which is the period from November 15 through December 15 of each year.

CONTRIBUTIONS BY EMPLOYER

- Employers must contribute to all health coverage offered through the employer on a basis that doesn't financially discriminate against CCH or against people who choose to enroll in a CCH plan. The contribution can be a percentage or a fixed dollar amount. For each employee, the employer's contribution must be no less than the greater of the following amounts:
  - Minimum contribution must be at least 50% of the employee's premium for the lowest-priced CCH plan offered by the employer (excluding ancillary coverage).
  - The highest amount the group would have contributed if this employee had enrolled in any other carrier's plan offered by the group (excluding ancillary coverage).
- If a member is enrolled in a plan with a health savings account (HSA) or health reimbursement arrangement (HRA), the group's contribution to any HSA or HRA must be at least equal to the highest amount the employer would have contributed to that HSA or HRA, if that family had enrolled in another carrier's plan offered by the employer.
- Employers are not required to contribute to dependent coverage.

POLICY EFFECTIVE DATE

- Policy effective dates are always the first of the month.
- Total premium is based on actual group enrollment for a specific policy effective date.
- A new rate quote may be required for a change or postponement of a policy's effective date.
- Rates may vary by policy effective date.
- An employer group can make a plan change up to the 30th day following the group's effective date.
  - A plan change request received by the 15th of the effective month can be applied retroactively to the first of the month.
  - A plan change request received after the 15th of the effective month is applied to the first of the following month.

MULTIPLE PLAN OPTIONS

- Groups are eligible to offer up to three of CCH's plans for small group as long as there is enrollment in all plans offered.

SLICE CARRIER

- Required minimum participation is enrollment of two eligible employees in a CCH medical plan, less valid waivers.

VALID WAIVERS

- An employee who declines coverage is considered a valid waiver if any of the following apply:
- Employee who is a dependent through a spouse's or parent's health plan.
- Employee who has coverage with another carrier through another employer.
- Employee who has coverage through Covered California.
- Employee's spouse or domestic partner that works for the same employer.
- Employee who has an individual plan through Medi-Cal.
- Employee who has military benefits through TRICARE.
- Employee who has coverage through a Federal Employee Health Benefit Program.

WAITING PERIODS

- If the employer establishes a waiting period, the following criteria must be met:
- It is the employer's responsibility to ensure the group does not apply a waiting period of more than 90 days (in accordance with the ACA).
- The effective date of coverage for new employees and their eligible family dependents is always on the first of the month. CCH will not prorate the month or change the effective date to accommodate an employer's waiting period.

LIVE, WORK OR RESIDE RULE

- All eligible employees and dependents must live, work or reside within the CCH licensed service area to enroll. CCH 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. Exceptions can be made on a case by case basis for students and/or workers on extended assignments outside of the CCH service area.

GENERAL TERMS AND CONDITIONS

GENERAL RATING INFORMATION

- Employees and dependents are rated by age at the time of the employer's effective date; age rate adjustments occur at renewal.
- New hires are rated based on their age at the time of enrollment and adjusted at renewal.
- Each family member has a separate rate based on his or her age as of the effective date of the group contract.
- The rates are guaranteed for 12 months.
- If a family has more than 3 children under age 21, the premium for each additional child after the third will be $0.
- Age bands are 0-14, 15, 16, 17, 18, 19, 20, every age from 21 to 63 and 64+.
- All plans include child dental for members under 19 as of the group's contract effective date. HMO plans apply the cost of child dental only to the 0-14, 15, 16, 17 and 18 age bands.

ENROLLMENT OPPORTUNITIES

- During open enrollment.
- After satisfying the employer-imposed new hire waiting period.
- Within 60 days of becoming eligible to enroll through a qualifying event (e.g. birth, adoption, marriage, etc.).
- As part of a new pool of eligible employees.
- Currently enrolled employees are allowed to change plans during the open enrollment period for new eligible employees when due to a documented merger/acquisition.

RETROACTIVITY

All subscriber terminations will be effective in the month we receive the termination request, unless it is requested the termination be effective in a future month. For example, if a group wants the subscriber's coverage to be terminated effective August 1, then we must receive the request to terminate no later than August 31. A termination request received in August can't be made effective retroactively back to July 1 or June 1.

MID-YEAR PLAN CHANGES

- Rates are guaranteed for 12 months.
- An employer can terminate or renew its policy prior to the end of the 12-month period.
- Extensions of 12-month rates are not allowed.

DEDUCTIBLE CREDIT 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 (calendar year); no credits will be carried over from the previous calendar year to the new calendar year.

DEDUCTIBLE FUNDING

Groups that directly fund or reimburse employees for any CCH deductibles, coinsurance, or copays are in violation of the deductible funding policy and may be subject to termination or nonrenewal. This includes employer reimbursements of employee cost share through employee flexible spending accounts (FSAs) or limited purpose FSAs. Exceptions include:

- Employers who choose a CCH HMO plan with HRA must contribute to their employees' HRA. CCH allows limited HRA funding for the following plans:
  - Gold 80 HRA HMO 2150/35 – employee only coverage up to $400, employee plus one or more up to $800
  - Silver 70 HRA HMO 2250/50 – employee only coverage up to $1000, employee plus one or more up to $2000
- Employers can fund an employee's HSA only if the employee is enrolled in an HDHP plan.

Brokers who advised small business clients to fund or directly reimburse employees for deductible plan expenses in violation of our policies will not be paid sales commissions from CCH.

INFERTILITY BENEFIT (OPTIONAL)

- The optional infertility benefit is available only to groups with 20 or more eligible employees where CCH is the sole carrier.
- Groups can only add or discontinue this benefit upon renewal, if not selected as part of the original contract.

HRA/HSA ADMINISTRATION, SETUP, AND FUNDING

- Groups are responsible for identifying an administrator.
- Groups are responsible for all setup and ongoing fees.

CAUSES FOR TERMINATION

- CCH can terminate coverage under any of the following conditions:
- The employer fails recertification and/or no longer qualifies for small business coverage.
- The employer fails to enforce employee and dependent eligibility rules.
- The employer is delinquent and does not pay the required premium.
- The employer fails to comply with underwriting requirements, including participation or contribution standards.
- The employer commits an act of fraud or misrepresentation.
- The employer has no active employees enrolled in a CCH small business plan.
- The employer moves outside of CCH's approved California service areas.
- The employer violates the deductible funding policy.
- Coverage of an employee or dependent can be terminated or rescinded if the individual directly or indirectly commits an act of fraud or misrepresentation.

FEDERAL AND STATE REGULATIONS

Federal TEFRA and DEFRA legislation

- If a business employs on average less than 20 employees in a year, and any employee becomes age 65, then his or her primary health carrier must be Medicare. For these employees who are 65 years old and choose to retain their CCH small group policy, CCH will apply contract benefits as a secondary carrier for Medicare benefits paid or payable. This applies whether or not the employee has applied for and has been made effective for Medicare Parts A and B coverage.
- When a member is covered by both Medicare as primary and a CCH contract as secondary, total benefits provided by Medicare and CCH should equal but not exceed the benefits of group members who do not have Medicare coverage.
- CCH is secondary to Medicare when any of the following criteria are met:
  - The employer has less than 20 employees and the subscriber is age 65.
  - Subscribers under 65 are eligible for Medicare due to a disability.
  - Subscribers are enrolled following the first 30 months of kidney dialysis treatments for end-stage renal disease (ESRD).

COBRA

The employer is responsible for COBRA administration. CCH does not offer federal COBRA administration support.

CAL-COBRA

- Employers with a single employee are not eligible for Cal-COBRA.
- CCH provides administration for Cal-COBRA groups and is permitted to charge Cal-COBRA subscribers an administrative fee.
- Cal-COBRA qualifying events are:
  - Death of the plan subscriber, for continuation of dependent coverage
  - Spouse's divorce or legal separation from the subscriber
  - Loss of dependent status of enrolled child
  - Subscriber becoming entitled to Medicare
  - Loss of eligibility status of enrolled family member
- Employers are required to notify CCH within 31 days of a qualifying event. Employees terminated for gross misconduct are not eligible for Cal-COBRA.

COMMUNITY
CARE HEALTH

Right for You. Right for Your Family. Right Next Door.

Corporate Administration
789 Medical Center Drive East
Clovis, CA 93611

Customer Services
1 (855) 343-2247

Small Group Sales
Michele Mills, Vice President
CA License #0F99433
(559) 387-1153
communitycarehealth.org

Revised January 2020