



Small Group Carrier Guidelines August, 2008		Revision Date (8/12/2008) 
Age Band or Composite:	Composite rates available to groups enrolling 25 + employees (may offer a maximum of only 4 plans & at least 1 person must enroll in each to offer to new hires). 2 - 24 lives, age rates only.	
Carrier Wrap Requirements:	Aetna will stand alongside another carrier's HMO plan as long as Aetna enrolls the greatest of 50% of the eligible employees & a minimum of 8 enrollees. For employers with employees located in a Vitalidad service area, the requirement is 65% of the group enrolling in Aetna and a minimum of 1 employee enrolling in Vitalidad HMO	
Carve Out Criteria:	Carve outs allowed are CA location, union vs. non union, management vs. non-management, and salary vs. hourly. The group must enroll and maintain 8 employees in the California service area and coverage is not guarantee issue (with the exception of union vs. non-union). Definition of all employee classes on company letterhead must be provided.	
Dual Choice Guidelines:	Dual choice options available through Pick a Plan to groups enrolling 2 or more eligible employees. Employer must contribute at least 50% of the employee rate for whichever plan the employees select. See Multiple Plan Options section for rules to offer more than 2 plan designs.	
Employer Eligibility:	Group must employ 2 to 50 employees for 50% of the days in the preceding calendar quarter or calendar year prior to the effective date of coverage. May use whichever test is more favorable to determine eligibility. Also majority of the employees must be employed in California. In determining the number of eligible employees, companies that are affiliated or eligible to file a combined state tax return shall be considered one employer. Groups of 2-5 employees will be required annually to provide proof that they still meet all eligibility & participation requirements at renewal. Newly formed business (at least 6 weeks) may be written guarantee issue if specific requirements can be requirements. satisfied. See Start Up Business section for complete list of	
15th of the Mo. Effective Date:	Yes. All application material must be received by the 5th business day after the requested effective date. Only for groups with no prior coverage or are coming off of a 15th of the month effective date.	
HRA Eligibility:	Yes. Only the following plans are available with HRA funding: HMO 1000 deductible, MC HRA 3000 and MC HRA 5000. May not offer Pick a Plan if the employer is planning to put an HRA fund with any of these plans, though. HealthFund banking services are available for an additional charge.	
Multiple Plan Options:	Multiple plan options available to groups enrolling 2 or more employees through Pick a Plan. The employer may select as few or as many different plans from Aetna's portfolio that they would like to offer to employees & must contribute 50% of the employee rate for the plans that the employee select. Aetna Value Network HMO plans may be offered with the regular network HMO products under Pick a Plan with all other medical products. If the group is not enrolling in Pick a Plan, then they may offer a maximum of 3 plans. If they want to offer more than 3 plans, then they will automatically be in Pick a Plan.	
Out of State Guidelines:	Groups with more than 49% of their employees employed outside of the state of California may be written on a non-guarantee issue basis and may be declined for coverage. Employees outside of California must be offered and enroll in an MC plan if available in their area. If they are not in an MC state (verified through the PAL tool on Aetna's website), then they will be offered a regular PPO or an indemnity plan (based on availability).	
Over-age Dependent Children:	Unmarried children may remain eligible on parent's plan until they reach age 19. May remain on parent's plan from age 19 through age 23 if they are a full time student (minimum of 12 units) in an accredited college and enrollment in school can be verified.	
Ownership Documentation Requirements:	<p>For owners and officers not appearing on company DE6, following additional ownership paperwork required for groups enrolling 2 to 24 employees: (only Proof of Eligibility form needed for group that enrolls 25 to 50 employees)</p> <p>Sole Proprietorship: Proof of Eligibility form, & latest Schedule C (or 1040F), IRS form 1040 SE or IRS form 1040 ES. Fictitious Business Filing, or the filed Business License may also be required.</p> <p>Partnership: Proof of Eligibility form and last filed Schedule K-1 for each partner, IRS form 1040 SE or IRS form 1040 ES. Filed partnership agreement, Fictitious Business Filing, filed Business License or filed Certificate of Organization (for LLP) may also be required.</p> <p>"C" Corporation: Proof of Eligibility form and IRS form 1120 with Schedule E, 1120 A or 1120 W. Filed Fictitious Business Filing, Articles of Incorporation (with officers listed), Statement of Information (with officers listed), and Certificate of Qualification (for foreign corporation) may also be required.</p> <p>"S" Corporation: Proof of Eligibility form & IRS form 1120 Schedule K-1 or 1040 ES for each officer. Filed Fictitious Business Filing, Articles of Incorporation (with officers listed), Statement of Information (with officers listed), and Certificate of Qualification (for foreign corporation) may also be required.</p> <p>LLC: Proof of Eligibility form and appropriate tax documents for how they are file their taxes, which will either be a C Corp or an S Corp (see tax documents above for C Corps and S Corps). Filed Fictitious Business Name filing, Articles of Organization with the Operating Agreement (with all members listed), the Statement of Information (with all members listed) may also be required.</p>	
Participation Guidelines:	For groups with 2 to 3 eligible employees, 100% participation is required of those eligible employees not covered elsewhere by another employer's group plan. For groups of 4 to 50 eligible employees, 75% participation is required of those employees not covered elsewhere by another employer's group plan.	
Part-Time Employee Enrollment:	Group may request to cover employees working a minimum of 20 hours per week at the time of the initial application. Otherwise, an eligible employee must work a minimum of 30 hours per week in order to be eligible for coverage.	
RAF & Health Statement Guidelines:	2 - 4 lives enrolled = 1.10 automatically 5 - 50 lives = minimum .90 available with full or abbreviated health statement required depending on group size. 2 - 10 life groups complete the full 17 question health statement. Groups of 11 to 50 lives complete an abbreviated 5 question health statement.	
Rating Areas:	Rates are based on the zip code of the employer's home office.	
Spin Off Rules:	Aetna will write groups spinning off from a current Aetna group guarantee issue with a letter from the group or broker that states they are spinning off of a current Aetna group (the letter must state the name of the company they are spinning off from), include the ownership documents of the new group, include 2 week: (or more if available) of payroll, and all regular enrollment applications. If the group is not coming off a current Aetna group, then they are treated like any other start up group if they have not been in business for 45 days in the prior calendar quarter and may be considered on a non-guarantee issue basis only	
Spouse Rules:	Husbands and wives working for the same company may enroll separately as employees or enroll together as an employee/spouse or a family if they have children.	
Start Up Groups:	Groups in business at least 6 weeks may be written guarantee issue if they can provide the following: appropriate new business documents, employer EIN or Federal Tax ID#, a copy of their DE6 (if available) and 6 weeks of consecutive payroll runs including all eligible employees with hours worked, taxes withheld, wages earned & check #s. If they do not have payroll, they may provide a letter from their CPA with a list of all employees & owners, # of hours each employee works, weekly salary of each employee, dates of hire and the answers to the following questions: have payroll records been established and if & when will a quarterly DE6 be filed? The group will not be considered on a guarantee issue basis, though, unless they can provide 6 weeks of payroll.	
1099 Workers:	Aetna will allow 1099 employees to enroll under the following guidelines: 1099s must appear on prior carrier bill, they may only enroll at initial enrollment or at renewal, they must work 30 hours or more per week on a year round basis for the employer (20 if covering part time), they must have been employed long enough to have filed one tax return with the employer, employer must contribute the same amount for 1099's premium, must offer coverage to all future 1099s, and no more than 25% of group may be 1099. The 1099 Employee Verification Form must be completed and submitted with a letter from the employer requesting to cover 1099 employees and a copy of the 1099 employee's Schedule C and Form 1099 Misc. for the prior year.	
Union Carve Outs:	Union vs. non-union carve outs can be written guarantee issue if proof of coverage is provided on the union employees in the form of a copy of the union carrier's billing statement. Aetna must enroll and maintain 8 employees. Eligibility for these carve outs is based on the number of non-union employees. If the total group size (both union and non-union employees) is over 50 lives, Aetna requires the case to be declined by mid-market first before it can be written by small group.	
Waivers:	Valid waivers include other group sponsored coverage through another employer, Champus/Tricare, & Medicare THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIERS' UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.	



Age Band or Composite:	Only age band rates available. Composite rates are not available for groups of 2 to 50 lives.
Carrier Wrap Requirements:	Blue Shield single or dual option plans may be offered with another carrier's HMO as long as Blue Shield enrolls the greater of 5 employees or 50% of the total active enrolled employees. PlanSelect multiple plan options may be offered if Blue Shield enrolls the greater of 5 employees or 75% of the total active enrolled employees. Blue Shield may decline to renew the group if participation levels falls below these levels during the plan year, and Blue Shield may conduct periodic audits to confirm participation is being met at these levels. Suite Deal program may be written with another carrier's HMO if Blue Shield enrolls the greater of 5 active employees or 50% of the enrolling group.
Carve Out Criteria:	May be done non-guarantee issue if the group qualifies as a small employer under AB1672, and enrolls a minimum of 8 employees. Full health statements will be required and a list of the job classes covered is required with the carve outted class identified. Shield must be the only carrier offered to carve out class. Industry restrictions apply to groups over 51 ees.
Dual Choice Guidelines:	May pair any one HMO with one PPO or with the POS plan for a dual choice package for groups of 2 more lives. Employer must contribute at least a defined contribution of \$100 or 50% of the total employee rate for the plans selected. See Multiple Plan Options section for rules to offer more than 2 plan designs.
Employer Eligibility:	The group must employ at least 2 and not more than 50 employees for 50% of the days in either the preceding calendar quarter or calendar year (use whichever test is more favorable to determine eligibility). 51% of the eligible employees must be employed in California. Group must also maintain a business license or appropriate state filing to conduct business in California. Also, the group cannot have terminated Blue Shield coverage within 12 months prior to the application to Blue Shield.
15th of the Mo. Effective Date:	Yes, but only if replacing coverage that is already on a 15th billing cycle. All application material must be received by the 20th working day of the month that coverage is applied for.
HRA Eligibility:	Yes. Only the following plan is available with HRA funding: PPO Savings Plan 2250/4500. May be offered as part of Plan Select multiple plan selection. No HRA banking services are available from Blue Shield.
Multiple Plan Options:	Plan Select is available to groups with 2 or more eligible enrolled employees and allows the employer to offer any combination of plans from Blue Shield's product portfolio. The employer may select a minimum defined contribution of \$100 per enrolled employee or 50% of the total employee rates. Standard underwriting guidelines apply unless Blue shield is offered with another carrier's HMO, and then plan enrollment must equal the greater of 5 enrolled employees or 75% of the total number of enrolled employees in all Blue Shield plans. The Suite Deal program of plans available 2/1/08. Participation requirement is 65% of the eligible employees, and minimum contribution is \$100 or 50% of total employee rate. May offer the Suite Deal with other carrier's HMO if Shield gets greater of 5 employees or 50% of the enrolling group.
Out of State Guidelines:	May have no more than 49% of the group employed outside of the California service area. Those employees not in California may be written on a PPO plan and receive the PPO benefits when using BlueCard providers in their area. If a group has employees outside of California, then Blue Shield will also require a copy of their latest, full payroll register in addition to all regular enrollment material.
Over-age Dependent Children:	Unmarried children may remain eligible on parent's plan until they reach age 19. They may remain on parent's plan from age 19 through age 24 if they are a full time student (minimum of 12 units) in an accredited college and enrollment in school can be verified.
Ownership Documentation Requirements:	For groups of 6 to 50 lives where owners and officers do not appear on the DE6, only a completed signed Sole Proprietor, Partner, Corporate Officer Statement is required. For 2 to 5 life groups or owner only groups, the following is also required: Sole Proprietorship: Sole Proprietor, Partner, Corporate Officer Statement & last Schedule C required. If Schedule C has not been filed yet due to length of time in business, then proof of income is required with a copy of Business License or a Fictitious Business Filing. Partnerships: Sole Proprietor, Partner, Corporate Officer form and a copy of the most recent Schedule K-1 required for each partner. If they have not in business long enough to have filed K-1s, then proof of income and a copy of the partnership agreement or a business license or Fictitious Business Name Filing is required. "C" or "S" Corporation: Sole Proprietor, Partner, Corporate Officer form and the last Schedule K-1 (or W2) for each officer and a copy of the stamped Statement of Information or the filed Articles of Incorporation Incorporation (but only if the names of all officers listed) are required. Foreign corporations also require a Certificate of Qualification or Statement by Foreign Corporation. If the company has not been in business long enough to have filed K-1s, then other proof of income is required in addition to the documents mentioned above. LLC: Sole Proprietor, Partner, Corporate Officer Statement and a recent K-1s (or other proof of income if the K-1s are not filed yet) for each owner and the Statement of Organization with the Operating Agreement are required. For groups of 2 to 50, a DE6 is required on all other employees. For all cases, Blue Shield may request additional documentation for owners not on a DE6 if their eligibility remains in question.
Participation Guidelines:	If Blue Shield is the only plan offered, then 75% of all eligible employees must enroll (excluding those covered under another employer's group plan). If employer pays 100% of the employee premium, then 100% of the eligible employees must participate. Participation is 65% of the eligible employees for the Suite Deal program. Groups are subject to non-renewal if participation falls below the required minimum.
Part-Time Employee Enrollment:	Group may request to cover employees working a minimum of 20 hours per week at the time of the initial application. If employer elects to cover part time employees, those employees must have worked at least 20 but no more than 29 hours per normal work week for 50% of the working days in the previous calendar quarter. Coverage must also be offered to all similarly situated individuals. Blue Shield may require payroll records to document the hours and required time periods.
RAF & Health Statement Guidelines:	2 - 5 lives enrolled = eligible for minimum 1.00 RAF (full health statements required). 6 - 9 lives enrolled = eligible for minimum .95 RAF (full health statements required). 10 - 14 lives enrolled = eligible for minimum .90 RAF (full health statements required). 15 + = minimum .90 available with an employer Medical Questionnaire.
Rating Areas:	Rates are based on the zip code of the employer's home office.
Spin Off Rules:	Blue Shield will write a spin off group & guarantee coverage if they are spinning off of an in force Blue Shield group & complete all regular enrollment material (including proper ownership documents). Two weeks of payroll preferred, but may proceed without it & submit it within 30 days. Coverage is still considered non-guarantee issue & full health statements are required (regardless of case size); the RAF may also range from .90 to 1.50. If spinning off of a non Blue Shield group, then they will be handled the same as any other start up group and will be considered on a non-guarantee issue basis if they have been in business less than 45 days in the previous calendar quarter.
Spouse Rules:	Husbands and wives working for the same company may enroll separately as employees or enroll together as an employee/spouse or a family if they have children.
Start Up Groups:	Blue Shield may decline the group if they have been in business less than 30 days at the time of application. May write a group that has been in business less than 50% of the previous calendar quarter on a non-guarantee basis with at least one payroll.
1099 Workers:	Not Eligible
Union Carve Outs:	To qualify for guarantee issue coverage, total number of union & non-union employees must be under 50 lives, and employer must contribute to a labor fund in compliance with a collective bargaining agreement for the union employees. Copies of the union's Statement of ERISA rights will be required. If these requirements are not met, then the request for coverage on the non-union employees will be considered on a non-guarantee issues basis and the group will need to meet the requirements of a carve out.
Waivers:	Valid waivers include other group sponsored coverage through another employer, Champus/Tricare, Medicare, & no share-of-cost Medi-Cal. <small>THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIERS' UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.</small>

Small Group Carrier Guidelines August, 2008		Revision Date (8/12/2008) 
Age Band or Composite:	Composite rates are available for to groups enrolling 15 or more eligible employees.	
Carrier Wrap Requirements:	Can wrap any size group with Kaiser only as long as Cigna enrolls 75% of the eligible employees.	
Carve Out Criteria:	Following types of Carve Out can be considered for coverage: Management vs. Non Management, Owners vs. Non Owners, Salaried vs. Hourly employees, Union vs. Non Union and Location. Carve Outs generally are not Guarantee Issue under AB 1672, unless standard participation is met for the entire eligible employee population (the class of employees not being covered by Cigna must be insured elsewhere). Minimum number of employees required to enroll in a Carve Out is 5 (total group must be at least 15) lives). Individual health statements required for all enrollees.	
Dual Choice Guidelines:	Dual choice combination plans are available to any size group. Group may offer only as many plans as they have enrolled employees, and someone must enroll in each plan in order for it to be offered to future new hires. If infertility coverage is selected, though, it must be offered on all plans.	
Employer Eligibility:	Any person, firm, corporation, partnership public agency, or association that is actively engaged in business or service that on at least 50% of its working days during the preceding calendar quarter or preceding calendar year, employed at least 2 but no more than 50 eligible employees, the majority (51%) of whom were employed within the state of California, that was not formed for the primary purpose of buying health insurance, and in which a bona fide employer-employee relationship exists. The group must also be licensed to operate as a business in the service area.	
15th of the Mo. Effective Date:	Not Available	
HRA Eligibility:	No HRA funding available at this time.	
Multiple Plan Options:	Multi choice combination plans are available to any size group. Group may offer only as many plans, though, as they have enrolled employees, and someone must enroll in each plan in order for it to be offered to future new hires. If infertility coverage is selected, though, it must be offered on all plans.	
Out of State Guidelines:	May have no more than 49% of the group employed outside of California. Employees outside of California may select an OAP plan, and rates are determined by the employer zip code for employees who reside out of the state of California.	
Over-age Dependent Children:	Unmarried children may remain eligible on the parent's plan until they reach age 19. May remain on parent's plan from the age of 19 through age 22 (up to age 23) if they are a full time student (minimum of 12 units) enrolled in an accredited college and school enrollment can be verified.	
Ownership Documentation Requirements:	For owners and officers not appearing on company DE6, Sole Proprietor, Partner, Corporate Office Statement must be completed and returned with the following additional ownership paperwork for groups of all sizes: Sole Proprietorship: Latest Schedule C (if available) and a California business license or a Fictitious Business Filing. For husband and wife Sole Proprietorships, must provide the last filed Schedule C with both spouses names listed and a California business license or a Fictitious Business Filing with the names of both spouses listed. Partnership: Last filed Schedule K-1 for each partner (if available), and the partnership agreement and Federal Tax Certificate showing all partners. For an LP or LLP must also include the Fictitious Business Name Statement showing all partners names. "C" or "S" Corporation: Filed and stamped Articles of Incorporation listing the names of all officers or the filed and stamped Statement of Information listing the names of all officers. Certificate of Qualification for foreign corporation may also be required. LLC: Filed Articles of Organization with the Operating Agreement (with the members listed) and the Statement of Information (with the members listed) & a current K-1 for each member required.	
Participation Guidelines:	For the HMO or POS plans, 70% participation required of all eligible employees. For the OAP plan, 75% participation required of all eligible employees. Excludes employees covered under another group insurance program. Employer must contribute a minimum of 50% of the employee's premium. If the employer contributes 100% of the eligible employees' premium, then 100% of the eligible employees must enroll.	
Part-Time Employee Enrollment:	May cover employees working 20 – 29 hours per week if the employer offers coverage to all similarly situated individuals under the group plan. The employee must have worked at least 20 hours per normal work week for 50% of the weeks in the previous calendar quarter in order to be covered.	
RAF & Health Statement Guidelines:	2 – 5 lives enrolled = 1.10 automatically. 6 – 9 lives enrolled – minimum of a .95 RAF. 10 – 50 lives – minimum of a .90 RAF. Groups of 6 to 15 enrolling employees must have each employee complete an individual health questionnaire. All other groups complete the Health Questionnaire on the employer application, and if any of these questions are answered yes, then the employee the question pertains to must be identified and that employee must complete an individual health statement.	
Rating Areas:	Rates are based on the employee's home zip code for employees in California. Out of state employees rates are based on the employer zip code.	
Spin Off Rules:	Spin off groups are only considered on a case by case basis under special consideration from underwriting. Must review case with underwriting prior to submission.	
Spouse Rules:	Husbands and wives working for the same company must enroll separately each as employees if the total group is comprised of just the two of them (must be at least 2 enrollees on Cigna's plan). They may enroll together, though, as a family or an employee plus spouse unit as long as there is at least 1 more enrolled employee with the group.	
Start Up Groups:	No non-guarantee issue start up groups allowed (must be AB1672 qualified). If group has not been in business long enough to provide a DE6, then they must provide the most recent consecutive 4 weeks of payroll records from a payroll company including the hours worked for each employee, the wages earned and taxes withheld. Employer Identification number (EIN) and federal tax ID are numbers required along with a copy of the group's business license. The following additional documents are also required based on company organization: Sole Proprietors: Business License or Fictitious Business Name Filing Partnerships or LLPs: Partnership Agreement LLC: Articles of Organization with the Operating Agreement Corporation: Articles of Incorporation to include signature page	
1099 Workers:	Not Eligible	
Union Carve Outs:	Union vs. non-union carve outs are allowed under standard carve out guidelines above.	
Waivers:	Valid waivers include other group coverage sponsored through another employer, Medicare, Medicaid, Champus/Tricare, and other federal programs. THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIERS' UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.	



Small Group Carrier Guidelines August, 2008	
Age Band or Composite:	2 - 9 lives = age band rates only. 10 - 50 lives = composite rates available for the HMO, EOA & POS plans. Age band rates only for Enhanced Choice, Silver Choice or Hn Options.
Carrier Wrap Requirements:	For groups of 2 - 5 lives Health Net must be the sole carrier offered. For groups of 6 - 50 employees, Health Net may be offered with another carrier with a minimum of 6 enrolled with Health Net. HMO (regular or silver network) or EOA may be offered with another carrier if Health Net participation is 50%. A PPO or POS plan may be written with another carrier if Health Net participation is 75%. Dual Choice, Enhanced Choice or Silver Choice is also available if Health Net participation is 75%. Hn Options portfolio may be offered with another carrier with a minimum of 5 enrolled (10 plans available) or 10 enrolled (15 plans available) and 75% of the group enrolling with either carrier.
Carve Out Criteria:	Health Net must be the sole carrier offered to the carve out population and full health statements will be required. Group will be issued on a non-guarantee issue basis unless other group coverage is offered to the employees excluded in the carve out (coverage offered to 100% of eligible employees in the AB1672 group). Hn options products not available to carve out groups.
Dual Choice Guidelines:	Minimum of 2 enrolled employees to offer a dual option of any 2 products that are not in the same product family. May offer one HMO, EOA, or POS plan with a PPO plan, or may offer one HMO (excluding the Silver HMOs) or one EOA plan with POS plan. The employer must contribute at least 50% of the lowest cost plan to the employee rate and 75% participation is required. See Multiple Plan Options section for the rules to offer more than 2 plan designs.
Employer Eligibility:	The group must employ at least 2 & not more than 50 employees for 50% of the days in either the preceding calendar quarter or calendar year (use whichever test ensures eligibility). Majority (51%) of the employees must be employed in California. Businesses formed outside California must show evidence of ability to conduct business in California. Companies that are affiliated and eligible to file a combined tax return for purposes of state taxation will be considered one employer. For guarantee issue coverage though, Health Net will take a group that has been in business for 6 weeks prior to the effective date of coverage with a copy of the full 6 weeks of payroll. Also, a group cannot have terminated Health Net coverage within 12 months prior to their application to Health Net.
15th of the Mo. Effective Date:	Yes, but only if replacing coverage that is already on a 15th billing cycle. All application material must be received by the 20th of the month that coverage is applied for.
HRA Eligibility:	No HRA funding available at this time.
Multiple Plan Options:	Enhanced Choice option allows groups with 2 or more enrolled employees to offer all Health Net plans except the Silver network HMO plans. May select as many different plans from Health Net's portfolio as they would like to offer their employees. The minimum contribution is 50% of the lowest cost plan option or \$100, & 75% participation required. Health Net must be the sole carrier for groups of 2 to 5 for Enhanced Choice (6+ lives to offer with another carrier). Hn Options plans may also be included in Enhanced Choice with 75% participation in Health Net and minimum enrollment for package offered. Silver Choice is also available with Silver HMO plans and Health Net PPO plans (including Hn Options PPOs) for groups of 2 to 5 lives (6+ lives to offer with another carrier) at 75% participation and a 50% or \$100 minimum employer contribution.
Out of State Guidelines:	May have no more than 49% of the group's enrolled and/or eligible employees located outside of California service area and on an out of state PPO product. Those employees not in California may be written on a PPO plan if they are in a PPO service area or on the Flex Net indemnity plan.
Over-age Dependent Children:	Unmarried children may remain eligible on parent's plan until they reach age 19. May remain on parent's plan from age 19 through age 23 if they are a full time student (minimum of 9 units) in an accredited college, or if they are dependent upon their parents for 50% of his or her support. A dependent child may also continue to be eligible if disabled and incapable of sustaining employment.
Ownership Documentation Requirements:	For owners and officers not appearing on company DE6, following additional ownership paperwork required for groups enrolling 2 to 24 employees: (only Proof of Eligibility Statement needed for group that enrolls 25 to 50 employees) Sole Proprietorship: Last filed Schedule C, Fictitious Business Filing, or a Business license is required. If the group is jointly owned by a husband and wife in a community property state, then the Schedule C is acceptable with both spouses listed or a Fictitious Business Filing or Business License with both names listed may be acceptable. Partnership: Schedule K for each eligible partner, or Statement of Partnership Authority, or filed partnership agreement, or Fictitious Business Name Statement with all partners' names listed, or a Business Tax Certificate with all partners listed may be submitted. For an LLP, the filed Limited Liability Partnership Registration may be used. "C" Corporation: Form 1120 with the Schedule E for each officer showing their % of ownership, or filed Articles of Incorporation with all officers listed, or stamped Statement of Information Domestic Stock with all officers listed is required. An unstamped copy may be accepted with a print out from the business portal or a copy of the filed Articles if at least one officer listed on the un-stamped Statement of Information is also listed as the Agent for Service of Process. For a foreign corporation, must include the Certificate of Qualification or Statement by Foreign Corporation (applies for a "C" or "S" corporation). "S" Corporation: Schedule K-1 for each owner, or Articles of Incorporation and a stamped copy of Statement of Information for original C Corporation, or form 2553 w/IRS approval LLC: Schedule K-1 for each owner, or IRS form 1120 with the Schedule E (if all owners are listed with their % ownership), or the filed Articles of Organization including the Operating Agreement, or the stamped Statement of Information.
Participation Guidelines:	75% of all eligible employees must enroll (excluding those covered under another employer's group plan) if the employer is contributing from 50% to 100% of the employee premium.
Part-Time Employee Enrollment:	Group may request to cover employees working a minimum of 20 hours per week at the time of the initial application. Employees working 20 - 29 hours per week may be covered as long as the group offers coverage to all similarly situated individuals & they have worked these hours for the employer for at least 50% of the weeks in the previous quarter. Otherwise, an eligible employee must work a minimum of 30 hours per week in order to be eligible for coverage. May be required to payroll records to document hours and required time period.
RAF & Health Statement Guidelines:	2 - 5 lives enrolled = 1.10 automatically (no health statements required this size, unless the group is eligible for and wants to apply for an industry discount) 6 - 9 lives - minimum of .90 available with full health statement required. 10 - 50 lives = minimum .90 available. Employer Health Questionnaire used for groups of 10 or more lives.
Rating Areas:	Rates are based on the employee's home zip code.
Spin Off Rules:	Health Net will consider a spin off group on a guarantee issue basis if the group can provide a prior carrier bill identifying all employees to be covered (or ID cards for each person), provide a minimum of 2 weeks payroll (if more than 2 weeks available, then provide up to 6 weeks), ownership documents for the new company that was formed, and a letter from the group or broker that the group is a spin off from another group.
Spouse Rules:	Husbands and wives working for the same company may enroll separately as employees or enroll together as an employee/spouse or a family if they have children.
Start Up Groups:	Groups that have been in business less than 50% of the previous calendar quarter may qualify as a start up business for non-guarantee issue coverage with 2 weeks payroll.
1099 Workers:	Must be affiliated with the group long enough to be tied to the company with a federal tax return and can meet the definition of a full time employee. Must provide one Form 1040 Schedule C tax return and one Form 1099 from the most recent year to support affiliation & full time employment with employer. If multiple sources of income are indicated on the tax return, then the 1099 employee must submit a letter of explanation indicating how many hours they work per week at each employer. Total group size with 1099 employees and regular W-2 employees cannot exceed 50 lives.
Union Carve Outs:	If an employer has union & non-union employees and is required by a collective bargaining agreement to directly buy coverage for the union employees, then the union employees are considered as eligible when determining group size & health statements are required to write the non-union portion of the group. In order to write groups with union employees, Health Net must have a letter describing the type of carve out, identify those eligible for coverage, indicate if the non carve out people have other coverage & if they directly purchases coverage for the union employees. For guarantee issue, the total group (union/non-union) must be under 50 lives, offer coverage to non-carve out people & have 50% of group in California. If the company just contributes to a labor fund for the purchase of coverage, then the union employees are not treated as eligible when determining group size and health statements are not required. A letter detailing the carve out situation is still required.
Waivers:	Valid waivers include other group sponsored coverage through another employer, Champus/Tricare, VA, Cobra, Medicare, Medi-Cal & Medicaid. THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIERS' UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.

Small Group Carrier Guidelines August, 2008		Revision Date (8/12/2008) 
Age Band or Composite:	Only age band rates available. Composite rates are not available for groups of 2 to 50 lives.	
Carrier Wrap Requirements:	For groups of 2 to 9 lives, PacifiCare must be the sole carrier. For groups over 10 lives, you may offer a staff model carrier only (i.e. Kaiser). For groups of 10 to 15, one PacifiCare plan may be offered with a minimum of 10 enrolled employees and 75% participation. Groups of 16 to 50, one PacifiCare plan may be offered with a minimum of 10 enrolled employees and 60% participation. For PacifiCare and UHC joint marketing, UHC dual choice or Choice Series (including dual option of 2 PacifiCare plans) with 10 to 50 employees, 75% of the eligible employees must enroll with PacifiCare. PremierSource is available if enrolling 5 or more employees. With this program, you may select up to 4 UHC/PacifiCare plans (from the PPO 6C-C, PPO 6C-E, PPO 6C-H, PPO 6C-K or the Signature/Value HMO 20/1500d) with a staff model HMO only. The following limitations apply: cannot write HRA plans with HSA plans, may only have 2 UHC plans, and may only have calendar year or policy year plans only.	
Carve Out Criteria:	Salary vs. hourly, union vs. non-union, and management vs. non-management carve outs are allowed if the total group size is under 51 lives. All other participation guidelines must be met. No other carrier may be offered to the classed out employees or to the excluded class, and coverage is not guarantee issue.	
Dual Choice Guidelines:	Minimum of 5 enrolled employees required to offer a dual option (excluding Cobra enrollees). Any HMO plan may be dual optioned with most PPO plans. POS, and the Signature Options 70-50/2000 and 70-50/3500 PPOs are stand alone only. Also, cannot offer a UHC PPO with a PacifiCare PPO plan. Employer must contribute at least 50% of the employee premium. See Multiple Plan Options section for the rules to offer multiple plan options.	
Employer Eligibility:	The group must be in business for 50% of the days in the preceding calendar quarter prior to the effective date and employ at least 2 but no more than 50 permanent, full time employees. Out of state, non-union and employees waiving coverage are included in determining the employee count for group size; employees in the waiting period and those who have left the company are not. In determining group size, companies that are affiliated and eligible to file a combined tax return for purposes of state taxation shall be considered one employer. The majority of the employees must also be employed in the state of California. For guarantee issue coverage, PacifiCare will take a group that has been in business 45 days prior to the effective date.	
15th of the Mo. Effective Date:	Not Available	
HRA Eligibility:	Yes. Only the following plan is available with HRA funding: SignatureElite 70-50/2000. May not be offered as part of the Choice Series multiple plan selection. ProcessWorks banking services are available for an additional charge.	
Multiple Plan Options:	Multiple plan options available to groups enrolling 5 or more employees with the Choice Series. Group may offer up to 4 HMO, HMO Advantage or PPO plans, but the HMO Advantage plans may not be offered with the regular network HMO plans. Groups enrolling a minimum of 5 or more employees may also select up to a total of 4 PacifiCare HMO plans and United Healthcare PPO plans, but no more than 2 may be United Healthcare PPO plans. Also, you cannot sell a PacifiCare PPO plan with a UHC PPO. PacifiCare 70/50 2000 and 70/50 3500 PPO plans are excluded from the Choice series. Last, the UHC HRA plans may not be sold with the UHC HSA plans. The employer must contribute at least 50% of the employee's premium.	
Out of State Guidelines:	Overall, 51% of the eligible employees must be employed in California, and no more than 25% of the enrolling employees may be located outside of a PacifiCare state, which include California, Oregon, Arizona, Colorado, Nevada, Oklahoma, Texas and Washington state.	
Over-age Dependent Children:	Unmarried children may remain eligible on the parent's plan until they reach age 19. Unmarried children may remain on parent's plan from age 19 through age 24 if they are a full time student (12 units or more) in an accredited college.	
Ownership Documentation Requirements:	For owners and officers not appearing on the company DE6, the following additional information is required for groups of 2 to 5 employees (nothing required for group of 6 or more): Sole Proprietorship: In business under 1 year, business license required with the owner's name listed. In business over 1 year, then the last filed Schedule C is required. If the group is a husband and wife sole proprietorship, then each spouse must provide separate tax documents to prove that they are an owner or a full time employee of the company. Partnership: In business under 1 year, a partnership agreement listing & signed by all partners of the company is required (does not have to be a stamped copy). In business over 1 year, the a K-1 for each partner or a partnership agreement listing and signed by all partners is required. For husband and wife partnerships, then each spouse must provide separate tax documents to prove that they are an owner or full time employee of the company. C Corporation: In business under 1 year, the filed/stamped Statement of Information or the Articles of Incorporation listing the names of all enrolling officers. In business over 1 year, IRS Form 1120 (pages 1 and 2) including the Schedule E for each officer enrolling for benefits. S Corporation: In business under 1 year, the filed/stamped Statement of Information or the Articles of Incorporation listing the names of all enrolling officers. In business over 1 year, IRS Form 1120 Schedule K-1 for each officer enrolling for benefits. LLC: In business under 1 year, an LLC agreement signed by all members (the Articles of Organization with the Operating Agreement signed by all members of the LLC). In business over 1 year, an LLC agreement signed by all members is required or the appropriate tax returns for each member enrolling for coverage. For 2 life husband and wife groups, the only documents accepted will be a DE6 and Schedule C for Sole Proprietors, K-1s for each spouse for a partnership, an 1120 with the Schedule E for each spouse for a C Corporation, separate Schedule K-1s for each spouse for an S Corporation, and the separate appropriate tax document for spouse for an LLC.	
Participation Guidelines:	Stand alone PacifiCare plan, 2 to 15 employees, the minimum participation is 75%. For groups enrolling 16 to 50 employees, the minimum participation is 60%. For groups offering PacifiCare UHC joint marketing or the choice series, a minimum of 75% participation required. If the employer contributes 100% of the premium, then 100% of eligible employees must enroll.	
Part-Time Employee Enrollment:	May cover employees who work 20 - 29 hours per week if the employer offers coverage to all similarly situated individuals under the group plan and the employee otherwise meets the definition of an employee except for the number of hours worked per week. They must have also worked at least 20 hours per work week for at least 50% of the business days in the previous calendar quarter.	
RAF & Health Statement Guidelines:	2 lives enrolled = automatic 1.10 RAF (full health statement still required) 3 - 4 lives enrolled = minimum .95 RAF (full health statement required) 5 + lives enrolled = minimum .90 RAF (for 2 - 10 enrolling employees, full health statement required; for 11 or more enrolling employees, only first 6 questions on the health statement must be completed)	
Rating Areas:	Rates are based on the zip code of the employer's home office.	
Spin Off Rules:	PacifiCare will write a group that is spinning off from a current PacifiCare or UHC group as guarantee issue without requiring them to be in business 45 days prior to the effective date if they complete the regular enrollment documentation and send a letter from the group verifying the date of the spin off and provide the ownership documents on the new company. If a group is not spinning off from a current PacifiCare or UHC group, then PacifiCare will not write them until they have been in business for 45 days prior to the requested effective date and can provide all other requirements listed above.	
Spouse Rules:	Husbands and wives working for the same company must enroll separately each as employees if the total group is comprised of just the two of them. They may enroll together, though, as a family or an employee plus spouse unit as long as there is at least 1 more enrolled employee with the group.	
Start Up Groups:	Groups that have been in business less than 45 days prior to the effective date of coverage will not be accepted. Please see Employer Eligibility Section for rules to qualify as a small group.	
1099 Workers:	No more than 25% of the enrolled employees may be compensated on a 1099 basis and must work full time, minimum of 30 hours/week, year round for the employer PacifiCare is insuring. The 1099 must work exclusively for this employer and not on a temporary or substitute basis. The employer must agree to offer coverage to all 1099s in the same situation. All eligibility criteria (including employer contribution and waiting period) must be uniformly applied to the 1099s and regular taxed employees. PacifiCare must be the sole provider of health coverage to all employees. A signed 1099 Statement of Information form listing all 1099 employees and stating that the employer agrees to comply with these conditions is required.	
Union Carve Outs:	PacifiCare will write groups with union employees if they can determine these employees are not eligible for coverage. In order to exclude them from eligibility, they must be in a current labor agreement with the union. The non-union portion of the group must also be under 50 lives in order to be considered under AB1672. The group must provide a letter stating that they are in a current labor agreement with the union and identify their local number and name of their trust fund.	
Waivers:	Valid waivers include other group sponsored coverage through another employer, Champus/Tricare, Medicare, & no share-of-cost Medi-Cal. <small>THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIER'S UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.</small>	

Small Group Carrier Guidelines August, 2008		Revision Date (8/12/2008) 
Age Band or Composite:	Only age band rates available. Composite rates are not available for groups of 2 to 50 lives.	
Carrier Wrap Requirements:	For groups of 2 to 9 lives, UnitedHealthcare (UHC) must be the sole carrier. For groups over 10 lives, you may offer a staff model carrier only (i.e. Kaiser). For groups of 10 to 15, one UHC plan may be offered with a minimum of 10 enrolled employees and 75% participation. Groups of 16 to 50, one UHC plan may be offered with a minimum of 10 enrolled employees and 60% participation. For PacifiCare and UHC joint marketing, UHC dual choice or Choice Series (including dual option of 2 PacifiCare plans) with 10 to 50 employees, 75% of the eligible employees must enroll with UHC. PremierSource is available if enrolling 5 or more employees. With this program, you may select up to 4 UHC/PacifiCare plans (from the PPO 6C-C, PPO 6C-E, PPO 6C-H, PPO 6C-K or the Signature/Value HMO 20/1500d) with a staff model HMO only. The following limitations apply: cannot write HRA plans with HSA plans, may only have 2 UHC plans, and may only have calendar year or policy year plans only.	
Carve Out Criteria:	Salary vs. hourly, union vs. non-union, and management vs. non-management carve outs are allowed if the total group size is under 51 lives. All other participation guidelines must be met. No other carrier may be offered to the classed out employees or to the excluded class, and coverage is not guarantee issue.	
Dual Choice Guidelines:	Minimum of 5 enrolled employees required to offer a dual option (excluding Cobra enrollees). Any PacifiCare HMO plan may be dual optioned with any UHC PPO plans (excluding the indemnity product). Cannot offer a UHC PPO with a PacifiCare PPO plan. Employer must contribute at least 50% of the employee premium. See Multiple Plan Options section for the rules to offer multiple plan options.	
Employer Eligibility:	The group must be in business for 50% of the days in the preceding calendar quarter prior to the effective date and employ at least 2 but no more than 50 permanent, full time employees. Out of state, non-union and employees waiving coverage are included in determining the employee count for group size; employees in the waiting period and those who have left the company are not. In determining group size, companies that are affiliated and eligible to file a combined tax return for purposes of state taxation shall be considered one employer. The majority of the employees must also be employed in the state of California. For guarantee issue coverage, UHC will take a group that has been in business 45 days prior to the effective date.	
15th of the Mo. Effective Date:	Yes for UHC stand alone or UHC dual option groups only. Application material must be received by the 5th business day after the requested effective date.	
HRA Eligibility:	Yes. Only the following plans are available with HRA funding: plan 7A-L 1500/100%, plan 7A-M 2000/100%, 6C-H 1500/80%, S1-Y 2500/80%, 6C-G 3000/70%. May be offered as part of the Choice Series multiple plan selection (see below for additional restrictions on the Choice Series). ProcessWorks banking services are available for an additional charge.	
Multiple Plan Options:	Multiple plan options available to groups enrolling 5 or more employees with the Choice Series. Group may offer up to 4 PacifiCare HMO, HMO Advantage or UHC PPO plans, but the PacifiCare HMO Advantage plans may not be offered with the regular network PacifiCare HMO plans. Groups enrolling a minimum of 5 or more employees may also select up to a total of 4 UHC PPO plans and PacifiCare HMO plans, but no more than 2 may be United Healthcare PPO plans. Also, you cannot sell a UHC PPO plan with a PacifiCare PPO. PacifiCare 70/50 2000 and 70/50 3500 PPO plans are excluded from the Choice Series. Last, the UHC HRA plans may not be sold with the UHC HSA plans. The employer must contribute at least 50% of the employee's premium.	
Out of State Guidelines:	Overall, at least 51% of the eligible employees must be employed in California, and no more than 25% of the employees may be located in Vermont or Washington.	
Over-age Dependent Children:	Unmarried children may remain eligible on the parent's plan until they reach age 19. Unmarried children may remain on parent's plan from age 19 through age 24 if they are a full time student (12 or more units) in an accredited college.	
Ownership Documentation Requirements:	For owners and officers not appearing on the company DE6, the following additional information is required for groups of 2 to 5 employees (nothing required for group of 6 or more): Sole Proprietorship: In business under 1 year, business license required with the owner's name listed. In business over 1 year, then the last filed Schedule C is required. If the group is a husband and wife sole proprietorship, then each spouse must provide separate tax documents to prove that they are an owner or a full time employee of the company. Partnership: In business under 1 year, a partnership agreement listing & signed by all partners of the company is required (does not have to be a stamped copy). In business over 1 year, the a K-1 for each partner or a partnership agreement listing and signed by all partners is required. For husband and wife partnerships, then each spouse must provide separate tax documents to prove that they are an owner or full time employee of the company. "C" Corporation: In business under 1 year, the filed/stamped Statement of Information or the Articles of Incorporation listing the names of all enrolling officers. In business over 1 year, IRS Form 1120 (pages 1 and 2) including the Schedule E for each officer enrolling for benefits. "S" Corporation: In business under 1 year, the filed/stamped Statement of Information or the Articles of Incorporation listing the names of all enrolling officers. In business over 1 year, IRS Form 1120 Schedule K-1 for each officer enrolling for benefits. LLC: In business under 1 year, an LLC agreement signed by all members (the Articles of Organization with the Operating Agreement signed by all members of the LLC). In business over 1 year, an LLC agreement signed by all members is required or the appropriate tax returns for each member enrolling for coverage. For 2 life husband and wife groups, the only documents accepted will be a DE6 and Schedule C for Sole Proprietors, K-1s for each spouse for a partnership, an 1120 with the Schedule E for each spouse for a C Corporation, separate Schedule K-1s for each spouse for an S Corporation, and the separate appropriate tax document for spouse for an LLC.	
Participation Guidelines:	Stand alone UHC plan, 2 to 15 employees, the minimum participation is 75%. For groups enrolling 16 to 50 employees, the minimum participation is 60%. For groups offering UHC/PacifiCare joint marketing or the choice series, a minimum of 75% participation required. If the employer contributes 100% of the premium, then 100% of eligible employees must enroll.	
Part-Time Employee Enrollment:	May cover employees who work 20 - 29 hours per week if the employer offers coverage to all similarly situated individuals under the group plan and the employee otherwise meets the definition of an employee except for the number of hours worked per week. They must have also worked at least 20 hours per work week for at least 50% of the business days in the previous calendar quarter.	
RAF & Health Statement Guidelines:	2 lives enrolled = automatic 1.10 RAF (full health statement still required) 3 - 4 lives enrolled = minimum .95 RAF (full health statement required) 5 + lives enrolled = minimum .90 RAF (for 2 - 10 enrolling employees, full health statement required; for 11 or more enrolling employees, only first 6 questions on the health statement must be completed)	
Rating Areas:	Rates are based on the zip code of the employer's home office.	
Spin Off Rules:	UHC will write a group that is spinning off from a current UHC or PacifiCare group as guarantee issue without requiring them to be in business 45 days prior to the effective date if they complete the regular enrollment documentation & send a letter from the group verifying the date of the spin off and provide the ownership documents on the new company. If a group is not spinning off from a current UHC or PacifiCare group, then UHC will not write them until they have been in business for 45 days prior to the requested effective date and can provide all other requirements listed above.	
Spouse Rules:	Husbands and wives working for the same company must enroll separately each as employees if the total group is comprised of just the two of them. They may enroll together, though, as a family or an employee plus spouse unit as long as there is at least 1 more enrolled employee with the group.	
Start Up Groups:	Groups that have been in business less than 45 days prior to the effective date of coverage will not be accepted. Please see Employer Eligibility Section for rules to qualify as a small group.	
1099 Workers:	No more than 25% of the enrolled employees may be compensated on a 1099 basis and must work full time, minimum of 30 hours/week, year round for the employer UHC is insuring. The 1099 must work exclusively for this employer and not on a temporary or substitute basis. The employer must agree to offer coverage to all 1099s in the same situation. All eligibility criteria (including employer contribution and wait period) must be uniformly applied to the 1099s and regular taxed employees. UHC must be the sole provider of health coverage to all employees. A signed 1099 Statement of Information form, listing all 1099 employees and stating that the employer agrees to comply with these conditions is required.	
Union Carve Outs:	UHC will write groups with union employees if they can determine these employees are not eligible for coverage. In order to not be considered as eligible, they must be in a current labor agreement with the union. The non-union portion of the group must also be under 50 lives in order to be considered under AB1672. The group must provide a letter stating that they are in a current labor agreement with the union and identify their local number and name of their trust fund.	
Waivers:	Valid waivers include other group sponsored coverage through another employer, Champus/Tricare, Medicare, & no share-of-cost Medi-Cal. <small>THIS IS A SUMMARY ONLY OF SELECT CARRIER GUIDELINES AND IS NOT TO BE RELIED UPON AS A COMPLETE REPRESENTATION OF EACH CARRIERS' UNDERWRITING GUIDELINES OR POLICY CONTRACTS. PLEASE CONSULT ACTUAL CARRIER GUIDELINES OR EVIDENCE OF COVERAGE/CERTIFICATE OF COVERAGE FOR A FULL DESCRIPTION OF UNDERWRITING PROCEDURES AND PLAN PROVISIONS.</small>	