

UPMC HEALTH PLAN
Small Business *Advantage*

Underwriting Guidelines

2 to 50 Eligible Employees

A. Employer Eligibility

Eligible employer groups must employ 2 to 50 eligible employees. An employer/employee relationship between each individual seeking coverage and the small business entity, regardless of the marital or ownership status of any individual seeking coverage, must be present in order for an individual to be eligible for coverage. Employee eligibility is further defined in the next section.

Employer groups must be in business for a minimum of three (3) months to be eligible for coverage.

Employer group contributions toward the cost of medical coverage will be no less than 50% of the total cost of each rating tier or 75% of the individual premium in each of the tiers. Underwriting may consider exceptions when reviewing cases as long as participation guidelines are met.

Union employees may be carved-out. Non-Union carve-outs will be considered on a case-by-case basis. Executive management level carve-outs will not be permitted.

Employer groups that have been terminated by UPMC Health Plan for non-payment of premium will not be eligible to reapply for coverage until 12 months have lapsed after the termination date. In the event that UPMC Health Plan grants the reapplication, UPMC Health Plan will require payment of two months of premium in advance of issuance of the policy.

Out-of-Area coverage is limited to the following:

Out-of-Area Coverage	
# of Eligible Employees	Maximum Out of Area % of Total Eligible Employees
2-6	No coverage available
7-20	15%
21-50	25%

If for any reason, an existing group's out-of-area enrollment becomes greater than the 15% or 25% guidelines listed, the entire group may be non-renewed for failure to meet UPMC Health Plan participation Guidelines. Only one out-of-area benefit plan is permitted per group. Preferred Provider Organization (PPO), Health Reimbursement Arrangement (HRA), and Health Savings Accounts (HSA) products are the only out-of-area plans offered. If the in-area plan selected is a PPO, HRA, or HSA, the out-of-area plan must be equivalent to or of lesser benefit than the in-area plan.

B. Employee Eligibility

Eligible employees are active, full-time employees, as defined by the employer and who have met the employer's probationary period. UPMC Health Plan requires employees to work a minimum of 25 hours per week to be considered a full-time employee. Part-time employees (employees working less than 25 hours per week), absentee owners, seasonal workers, 1099 employees, directors and trustees of the company, Medicare-eligible retirees* are **not** eligible for coverage an owner must receive full-time compensation from the company to be considered for coverage. If the owner is not reflected on the UC-2A include most recent Schedule C and a letter on company letterhead with the owners name, exact hours worked, duties performed and that he/she is a full-time employee of the business enterprise (working 25+ hours per week).

Waiting periods are determined by the employer group and must be applied consistently to all employees.

All employer groups with fewer than 50 eligible employees must submit a copy of the most recent PA UC-2A/ Quarterly Wage and Tax Statement (Unemployment Compensation Tax Form) with the names, salaries, and weeks worked for all employees of the employer group.

Employees that have been terminated or work part-time must be noted accordingly on the UC-2A.

Recently hired employees not listed on the UC-2A must have W4 or payroll stub submitted with the UC-2A.

There are circumstances when an employee will not be included on a UC-2A form or when the company is not required to file a UC-2A. Please refer to the following table for alternate types of acceptable documentation.

If a UC-2A is not available submit one from Category A	...and one from Category B
Category A	Category B
IRS 1040 – Schedule C or F	K-1s or Articles of Incorporation
IRS 1065 – Partnership Income	K-1s or Partnership Agreement
IRS 1120– Corporate Income	Current Business License
*IRS 941 – Not for profit use only	Leases and other contracts
*IRS 990 – Return of organization Exempt from Tax	

*Must submit copy of Payroll Journal; No Category B information required.

Only new employees and employees experiencing a documented qualifying event will be permitted to enroll outside the open enrollment period during the benefit year. For the

purposes of this section, a qualifying event is defined as a (1) marriage, (2) birth/adoption of a child, or (3) a loss of other existing coverage as a result of legal separation, divorce, death, termination of employment, reduction in the number of hours of employment, or other verifiable reason for loss of coverage eligibility.

Dependent coverage will be permitted to begin on the effective date of the covered employee's coverage. Coverage for additional dependents (other than those resulting from a documented qualifying event) will be permitted at the employer group's benefit plan anniversary date or during open enrollment.

Employees initially waiving group coverage for any reason other than the employer's waiting period must wait until the next open enrollment period to enroll, unless there is a documented qualifying event.

**Medicare eligible retirees may not enroll within the active group. UPMC Health Plan offers group and individual Medicare Advantage plans for such individuals. Please call 1-877-381-3765 for more information.*

C. Group Size and Enrollment Requirements

A minimum of 75% of eligible employees must have coverage in a health benefit plan either through a plan offered by the employer group, a spouse's employer, governmental program (Medicare, Medical Assistance, military), union, or other comparable coverage. At least 50% of all eligible employees or a minimum of at least two employees, whichever is greater, must be enrolled in a plan offered by UPMC Health Plan (see Employee Eligibility section B for details).

Medicare eligible retirees do not qualify as eligible employees. Employees covered under another plan must complete the waiver section on Member Enrollment application and provide sponsor plan number or copy of I.D. card.

UPMC Health Plan must be offered as total replacement coverage for groups of 2 to 50 eligible employees. Dual option plans are not permitted for in-area employees in groups with less than 20 eligible employees unless in combination with an HSA plan. Plan options are limited to two plans and cannot be multiple Health Maintenance Organization (HMO) or multiple Point Of Service (POS) plans.

The dual option must be a true "buy up" situation, and cannot be used to carve out management level employees offering a richer benefit. UPMC Health Plan requires that there is at least one enrollee in the dual option plan.

The dual option rates must have a rate differential of no less than 7% and no greater than 35%.

Consolidated Omnibus Budget Reconciliation Act (COBRA) will be offered to eligible individuals who formerly received coverage through employer groups that have active

enrollment in UPMC Health Plan and/or to those who UPMC Health Plan is required to offer coverage under state or federal law. Total COBRA enrolled employees cannot exceed 10% of total enrolled subscribers.

All employer groups must submit their first month's premium no later than the 10th of the month prior to the effective date of the benefit plan.

D. Rate Determination

UPMC Health Plan demographic rating applies to groups with 50 or fewer eligible employees. Employer Standard SIC code or description of industry and census data must be provided for all eligible employees. The industry classification for a particular group is based on the overall description of the employer group's business and not on the individual duties of its employees or locations. Submitted census data must include those employees waiving coverage as well as COBRA participants and reflect date of birth, gender, residence zip code, and tier status for each employee. Groups currently without any coverage must submit a census of all eligible employees.

UPMC Health Plan will apply medical underwriting to new business quotes for groups with 2 to 50 eligible employees by collecting and reviewing individual medical questionnaires for each enrolling employee, spouse and/or dependents, if applicable. Groups will be rated appropriately for medical conditions, but cannot be denied coverage. The medical questionnaires received in one quarter can be used to re-rate a group for the next consecutive quarter only. All questionnaires must be signed by the applicant and spouse, if applicable, to be considered a complete application. The option to submit electronic questionnaires is available via the UPMC Health Plan web based portal.

Quoted rates are subject to change pending validation of group demographics, tier status, group SIC, and review of applicable medical questionnaires based on demographic changes.

If the number of enrolled contracts of an existing group changes by +/- 50% within the contract period, Underwriting reserves the right to underwrite the group and adjust rates accordingly. Medical questionnaires may be requested for new employees in these situations.

Should final enrollment change during new group implementation or at annual open enrollment either in total or by tier, UPMC Health Plan reserves the right to re-evaluate rates based on the following:

Enrolled Contracts Prior to Change	Where enrollment Changes by +/-
<10	50%
10-25	25%
26-50	15%

All consumer directed health plans quoted by UPMC Health Plan assume that the HRA funds will account for no more than 50% of the total plan deductible. The employee must first satisfy their portion of the plan deductible before the HRA funds will be available. The HRA administration is assumed to be the responsibility of UPMC Health Plan. Any deviation from these assumptions may result in a change in the quoted rates. Employer's choice of HSA funding will not affect quoted rates.

All PPO and EPO plans with deductibles quoted by UPMC Health Plan assume that the employee is paying 100% of the total plan deductible. Any deviation from these assumptions will result in a change in the quoted rates.

Self-funded arrangements will not be permitted for employer groups of 2 to 50 eligible employees.

Prescription drug carve-out will not be permitted for employer groups of 2 to 50 eligible employees.

Benefit plan changes/additions/deletions are permitted at time of renewal only.

Pre determined non-standard plan designs are available for "flexing" plan options for new business. Any other non-standard plan designs will not be permitted for employer groups of 2 to 50 eligible employees.

All rates must be approved by the UPMC Health Plan underwriting department.

E. Common Ownership

In circumstances where a controlling owner/decision maker owns more than one company, common ownership must be documented and the owner/decision maker must have majority ownership in each company. Shareholders are not considered to be controlling owners/decision makers. If the groups have one SIC code, the companies can be rated as one employer group, or at the request of the employer group, UPMC Health Plan will permit separate rate development.

If the group has different SIC codes or tax ID numbers the groups will be medically underwritten and rated as two separate groups. Requests for blended rates will be permitted following the initial rating.

Any deviation from the underwriting guidelines must have UPMC Health Plan Underwriting Department approval.

This document is meant to be informative and is not intended to be an all inclusive statement of UPMC Health Plan underwriting guidelines. Other policies and guidelines may apply.