


Small Group Carrier Guidelines August, 2009		Revision Date (8/13/2009)
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 60% 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:	Yes. Only the following plan is available with an HRA wrap: HRA 3000 PPO and HRA 5000 PPO. These plans may be offered in the Enhanced Choice and Silver Choice multiple plan selections. No HRA banking services are 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 with both spouses listed and the joint filed 1040 tax return is required, or they can submit a Fictitious Business Filing or Business License with both names listed. 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 listing the names of the members.	
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. If offering just the Hn Options portfolio, then participation requirement is reduced to 60% overall.	
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. Also, group must be able to qualify as an AB1672 group without considering the 1099 employees. This means there must be at least 2 non-1099 eligible employees first (either 2 W-2 employees, 2 owners, or 1 owner and 1 W-2 employee), and at least one of those two must enroll for coverage.	
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 purchase 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.	