


Small Group Carrier Guidelines August, 2009	 Revision Date (8/13/2009)
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 Choice Series or United Healthcare Multi-Choice package with 10 to 50 employees, 75% of the eligible employees must enroll with PacifiCare or UHC. PremierSource is available if enrolling 5 or more employees. With this program, you may select up to 4 UHC/PacifiCare plans (the UHC Choice Plus Balanced 40/1000/70% and 40/1000/50% PPOs, UHC Choice Plus Definity HSA2850/80% NE PPO, the UHC Choice Plus Definity HRA 1500/80% PPO and the PacifiCare Signature Value 20-40/1500 ded. HMO) with a staff model HMO only. The following limitations apply: may only have 2 UHC plans and 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 SignatureElite 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 if offering PacifiCare only products. 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:	No HRA funding available at this time.
Multiple Plan Options:	Multiple plan options available to groups enrolling 5 or more employees with the PacifiCare 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 select up to a total of 4 PacifiCare HMO or PacifiCare PPO plans. The PacifiCare POS, PacifiCare 70/50 2000 and 70/50 3500 PPO plans are excluded from the Choice series packages. The employer must contribute 50% of the employee's premium.
Out of State Guidelines:	Overall, 51% of the eligible employees must be employed in California if offering PacifiCare only products, 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 Choice series or UHC Multi-Choice series packages, 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. 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.