



Underwriting Guidelines

CALIFORNIA

Small Business


1-99 Employees

Effective April 1, 2015



Table of contents

Underwriting Requirements	1
Standard Administrative Options/Post-Sale	8
Standard Eligibility Provisions/Post-Sale	9
Spinoff Groups Policy	10
Acquisition Guidelines	10
Professional Employer Organization (PEO) Guidelines	11
Multi-Site Quick Reference	12



We are proud of our commitment to agents throughout California. We recognize the value you bring to small business and your critical role in our relationship with small business employers. Our staff is dedicated to servicing your needs and those of the employer.

The information in this guide is intended as a tool designed to help you better understand:

- ▶ Underwriting requirements
- ▶ Post-sale administrative options and eligibility provisions

Underwriting Requirements

Underwriting requirements may change and Underwriting reserves the right to request additional information as it deems necessary. In addition, if there are discrepancies between this document and any employer contract or *Certificate of Coverage/Evidence of Coverage*, the contract or *Certificate of Coverage/Evidence of Coverage* will prevail.

Category	Explanation/Requirements
Employer Eligibility/ Employee Eligibility (Groups 1-50)	<ul style="list-style-type: none"> ▪ Employer must have at least one, but not more than 50, permanent, active, full-time employees for 50 percent of the preceding calendar quarter, or preceding calendar year. A permanent employee is actively engaged on a full-time basis in the conduct of the business of the small employer with a normal workweek of an average of at least 30 hours over the course of a month, in the small employer's regular place of business, who has met any statutorily authorized applicable waiting period requirements. ▪ Business must be located in licensed service area to be eligible for the products in that area. The majority (51 percent) of all eligible employees must be employed in the state of California. The group employs at least one but not more than 50 eligible employees. In determining group size, companies that are affiliated companies and that are eligible to file a joint tax return for purposes of state taxation shall be considered one employer. The group needs to be actively engaged in business or service at least 50 percent of the preceding calendar quarter. The group must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in the state of California. Not have formed primarily for the purposes of obtaining health insurance. All employer groups are required to have a workers' compensation policy for their employees. ▪ There can only be one employer group per group benefit agreement/policy. Multiple employer groups that meet the definition of a single group employer under AB 1672 are counted as a single employer group. NOTE: Owners of multiple corporations may not combine those corporations under a single UnitedHealthcare agreement unless they are eligible to file a combined tax return for the purposes of state taxation meeting the definition of one employer as defined in AB 1672. UnitedHealthcare will require copies of the filed/stamped Statement of Information reflecting all officer/owners, or signed/dated Partnership Agreements listing all partners' names, and a letter from the employer's CPA stating that all business entities are eligible to file a combined tax return. UnitedHealthcare underwriting determination of whether or not there is one responsible employer will be final. ▪ The maximum waiting period for newly hired employees to become eligible for medical benefits is 90 days. ▪ Employer may elect to waive their selected employee waiting period at the time of initial case issue only, but have the option to change their waiting period once a year at case renewal. ▪ All employer groups are required to have a workers' compensation policy for their employees. This insurance requirement is mandatory even if you only have one part-time employee. Companies based out of state with employees hired in California must also have a California workers' compensation policy. ▪ Eligible employees are permanent employees who work on a full-time basis in the conduct of the business of the small employer with a normal work week of an average of at least 30 hours, and whose duties in such employment are performed in the small employer's regular place of business, or be a sole proprietor, corporate officer, or a partner of a partnership engaged on a full-time basis, work an average of at least 30 hours a week over the course of a month, in the employer's regular place of business. Temporary or seasonal employees are not eligible. ▪ Sole proprietors, spouse-only and owner-only groups are not eligible.

Employer Eligibility/ Employee Eligibility (Groups 1-50)	<ul style="list-style-type: none"> ▪ Eligible dependents include an employee's spouse/registered domestic partner, unmarried children up to the limiting age of the plan, adopted children, dependents such as niece and nephews who are court-ordered to be covered by member's group plan. Eligibility for an over-age disabled dependent child will be determined after review of an Attending Physician Statement. An Attending Physician Statement is required and must be completed/turned in at new case submission before the child may be approved or enrolled. The APS should detail the diagnosis, degree of incapacity, duration, treatment, and prognosis. The limiting age is standard to age 26. If both husband and wife work for the same company, the children can only be covered under one parent's plan. ▪ A permanent employee who works at least 20 hours but not more than 29 hours is deemed to be eligible if all four of the following apply: <ol style="list-style-type: none"> 1. The employee otherwise meets the definition of an eligible employee except for the number of hours worked. 2. The employer offers the employee health coverage under a health benefit plan. 3. All similarly situated individuals are offered coverage under the health benefit plan. 4. The employee must have worked at least 20 hours, but not more than 29, per normal work week, for at least 50 percent of the previous calendar quarter. <p>The insurer may request any necessary information to document the hours and time period in question including, but not limited to, payroll records and employee wage and tax filings. Part time employee eligibility may only be added at the group's anniversary open enrollment.</p> ▪ Ineligible Categories – not eligible for coverage. Associations (unless GI), Multiple Employer Trust (unless qualifying as GI Association), Retirees, Taft-Hartley, Hour Bank Groups, Single-Employee companies, leased/staffed employees, members of organizations (fraternal/credit union), retirees, part-time, seasonal/temporary/substitute, Employees on Leave of Absence (sabbatical, Non-Workers' Comp Disability over six months, FMLA over 12 weeks, Military Duty/Training), groups eligible to file a combined tax return over 50, Foreign Embassies and Consulates, domestic households, employees providing contracted services, PEOs/leasing firms and closed groups that restrict eligibility through criteria other than employment, groups where no employee/employer relationship exists. Employers who have not maintained the appropriate business licensure and/or state filing allowing the company to conduct business. Board of Director members and stockholders are not eligible unless they are also officers and working at least 30 hours per week. Must not be formed solely for the purpose of obtaining health insurance. Sole proprietors, spouse-only and owner-only groups are not eligible. ▪ Registered Domestic Partner – This broad coverage defines domestic partners of either the same or opposite sex (over the age of 18). UnitedHealthcare will not require a copy of the California State Declaration of Domestic Partner Registration or a copy of any other municipality/county registration or affidavit for enrollment purposes. Enrollment forms and procedures for registered domestic partners during initial and open enrollment period, and during the year when a partnership is established, are exactly the same as those used by spouses. Employers have the right to request these documents, but they do not need to be submitted to UnitedHealthcare. ▪ Leave of Absence/Workers' Compensation – Employees on leave of absence or Workers' Compensation must provide proof of employment.
Employer/Employee Eligibility (Groups 51-99)	<p>Eligible businesses for California businesses must have at least 51 full-time active employees working 30 hours per week.</p>
Contribution	<p>Employer must contribute at least 50 percent. If the employer contributes 100 percent of the employee premium, 100 percent of the employees must enroll.</p>
Rating Information (Groups 1-50)	<ul style="list-style-type: none"> ▪ Rates are guaranteed for 12 months. ▪ Rating is based on employer's location. ▪ Final rates are based on group enrollment. ▪ Quotes issued are not a guarantee of plan coverage or eligibility.

Rating Information (Groups 1-50) (continued)	<ul style="list-style-type: none"> ▪ COBRA or State Continuation enrollees added after the initial group enrollment may subject the group to re-rating. ▪ Each employee's and his or her dependent's rates will change the month after the employee reaches the new age band. ▪ Renewal rule: A member's billing age will be increased on the first billing due date following the group's renewal.
Multiple Plan Selections	<p>Employers enrolling 1-50 active employees may select all the plans in the package. These groups are only eligible for an effective date of the 1st of the month.</p>
Requirements for New Case Submission (Groups 1-50)	<ul style="list-style-type: none"> ▪ Submit a check for one month's premium payable to the plan carrier or submit applicable direct debit form. ▪ Complete Small Business Employer Application signed by employer and broker. ▪ Copy of the most recent quarterly DE9 and DE 9C with all employees listed (including all pages). ▪ Individual Enrollment Forms completed and signed by all eligible employees, including enrolling COBRA or Cal-COBRA continuees. ▪ Declination of Coverage/Waiver completed and signed by the eligible employees not electing coverage. ▪ UnitedHealthcare proposal noting correct effective date of coverage. ▪ Union/Non-Union Group <ul style="list-style-type: none"> – There must be a minimum of five Non-Union employees enrolling with UnitedHealthcare. – In determining group size both Union and Non-Union are taken into consideration. – Groups consisting of Union/Non-Union employees must also provide a copy of their union bill.
Requirements to Quote a Case (Groups 51-99)	<ul style="list-style-type: none"> ▪ Company information <ul style="list-style-type: none"> – Name – Address – Industry – SIC ▪ Census information by employee that includes: <ul style="list-style-type: none"> – Age/DOB – Dependent Status/Number of Dependents – Male/Female – Enrollment by Product (including other carriers which will be offered alongside UnitedHealthcare) – Zip Codes of Employees (optional, but preferred) – Waivers – COBRAs ▪ Employer contribution ▪ Risk questionnaire/specific claim information <ul style="list-style-type: none"> – Any known medical conditions ▪ Carrier history <ul style="list-style-type: none"> – Carrier history for last five years including reason for leaving each carrier – Number of Years in Business – Waiting Period – Current/In-force Rates and Benefits – Renewal Rates – Requested Commission – Broker of Record: Yes or No – List of large claims (claims exceeding \$25,000); large claims data must match the claims experience period

COBRA and State Continuation Waivers	Employees waiving because they are currently covered by COBRA or State Continuation (from a previous employer) must complete the Declination of Coverage Form or Waiver section of the Enrollment Form. They must also include their COBRA/State Continuation start and end dates.
Quarterly Wage Report (QWR)	<ul style="list-style-type: none"> ▪ A copy (all pages) of the most recent Quarterly Wage Report (DE9 and DE 9C), including the Quarterly Wage & Tax Report(s) for out-of-state employees from their respective states. ▪ Handwritten Quarterly Wage Reports are not acceptable. ▪ All pages submitted including grand totals and summary page. ▪ All employees marked to indicate employment status: part-time (PT), full-time (FT), terminated (T), seasonal (S), etc. Include last day worked for all terminated employees. An Enrollment Form/Health Statement or Waiver is required for all terminated employees within the election period for COBRA/Cal-COBRA. ▪ If there are new hires who do not appear on the Quarterly Wage Report (DE9 and DE 9C) – write their name(s), Social Security number(s), and date(s) of hire on the bottom of the QWR. ▪ Quarterly Wage Reports for out-of-state employee(s) are required. ▪ If QWR (DE9 and DE 9C) reflects a 50 percent change in census, a current payroll will also be required. This change applies to new hires, terminations, waivers, declinations, or seasonal/temporary employees.
Payroll Record Requirements	<p>A QWR (DE9 and DE9C) is required for all groups that have been in businesses more than one year; a current 2 week or quarterly payroll statement may be submitted in lieu of a QWR. Groups with employees residing outside the state of California must provide a QWR from the respective states. Payroll will not be accepted for out-of-state employees.</p> <p>Groups comprised of family members must always provide a QWR. Handwritten or estimated QWRs or payroll, individual payroll/pay stubs or W-2, W-3, W-4, W-9s are not acceptable. The payroll must be from a payroll record service (e.g., ADP, PayChex, Wells Fargo) and must include all of the following:</p> <ul style="list-style-type: none"> ▪ Dated payroll and/or date of pay period (most recent two weeks of payroll prior to requested effective date). ▪ All pages submitted, including all employee wages paid, hours worked per pay period, withholdings and grand totals. ▪ Name of company. ▪ All employees marked to indicate employment status: part-time (PT), or full-time (FT), terminated (T), seasonal (S), etc. Include last day worked for all terminated employees. An Enrollment Form/Health Statement or Waiver is required for all terminated employees within the election period for COBRA/Cal-COBRA. ▪ If there are new hires who do not appear on the payroll – write their name(s), Social Security number(s), and date(s) of hire on the bottom of the payroll. ▪ Include all employees' gross and net income, total taxes withheld (itemized) and company total/summary.

Proof of Ownership	Proof of ownership is required for all eligible enrolling (and/or waiving) owners not appearing on the Quarterly Wage Report.	
	Type of Business	Required Documentation
	Corporations	<ul style="list-style-type: none"> ▪ In business < 1 year: S-Corps and C-Corps: Filed/Stamped Statement of Information that lists all owners'/officers' names ▪ In business > 1 year: S-Corps: IRS Schedule K-1 (Form 1120s) for all owners/officers (current tax year) C-Corps: IRS Form 1120 (pages 1 and 2) and IRS 1120 Schedule G and IRS Form 1125-E, which includes all owners Note: Groups comprised of family members must provide separate tax or QWR documentation showing there is an owner and full-time W-2 employees. Spouse-only, owner-only groups, and sole proprietors are not eligible. Note: Provide copy of group's active status within California Secretary of State portal with the group submission.
	Partnership/LLP	<ul style="list-style-type: none"> ▪ In business < 1 year: Partnership Agreement signed by all partners. ▪ In business > 1 year: IRS Schedule K-1 (Form 1065) for all partners (current tax year). Note: Groups comprised of family members must provide separate tax or QWR documentation showing there is an owner and full-time W-2 employees. Spouse-only, owner-only groups, and sole proprietors are not eligible. Note: Provide copy of group's active status within California Secretary of State portal with the group submission.
	Limited Liability Company (LLC)	<ul style="list-style-type: none"> ▪ In business < 1 year: LLC Agreement signed by all managers/members/parties ▪ In business > 1 year: LLC Agreement signed by all managers/members/parties or copies of appropriate current year tax returns (follow the guidelines for a partnership or sole proprietorship based on how the LLC was formed) Note: Groups comprised of family members must provide separate tax or QWR documentation showing there is an owner and full-time W-2 employees. Husband/wife groups, owner-only groups, and sole proprietors are not eligible.
	Sole Proprietorship	<ul style="list-style-type: none"> ▪ In business < 1 year: Business License listing the owner name ▪ In business > 1 year: IRS Schedule C (Form 1040) Note: Groups comprised of family members must provide separate tax or QWR documentation showing there is an owner and full-time W-2 employees. Husband/wife groups, owner-only groups, and sole proprietors are not eligible.

	Type of Business	Required Documentation
	Church	IRS Form 941 and a current QWR (IRS Form 4361 may also be required)
	Farm	IRS Schedule F (Form 1040)
Deductible Credit	For new groups, UnitedHealthcare will credit members for the amount of the deductible satisfied under the prior carrier's plan during the same calendar year. This applies to like plans within similar product types. There is no deductible credit for outpatient prescription drug coverage. Deductible credit is applicable for calendar year to calendar year plans only. Credit is limited to the lesser of the plan deductibles or actual experience. Members enrolling after open enrollment are not eligible for deductible credit.	
Employer Application	<ul style="list-style-type: none"> ▪ All questions answered. ▪ Select Waiting Period. ▪ List employer premium contribution percentage or dollar amount for all coverages selected. ▪ Sign and date the group application within 6 months of the requested effective date. 	
HRA, GAP, and Self-Funding Arrangement Guidelines	<p>No UnitedHealthcare plan may be used with any form of wrap product.</p> <p>A "wrap product" includes any employer-sponsored plan that is:</p> <ol style="list-style-type: none"> (1) paid for or funded, in whole or in part, by the Enrolling Group and/or Subscriber; (2) (a) provides reimbursement for health plan deductibles, copayments, coinsurance, or medical expenses; or (b) provides for the payment of set amounts in the event of hospitalization. <p>Examples include: an employer-funded flexible spending account (FSA), an HRA, self-funding of the deductible, an IRS Section 105 plan, a medical expense reimbursement plan (MERP), or a hospital confinement policy. A wrap product does not include a health savings account (HSA).</p> <p>Gap or self-funded plans are not permitted alongside any UnitedHealthcare medical plan.</p>	
Employee Enrollment Forms (Groups 1-50)	<ul style="list-style-type: none"> ▪ All submitted Employee Enrollment Forms must be signed and dated (UnitedHealthcare requires the signature date to be within 6 months of requested effective date). ▪ Completed Employee Enrollment Forms for all employees in their waiting period if the employer is waiving the waiting period on the group's requested effective date. ▪ Date of hire listed on all Employee Enrollment Forms. ▪ If Medicare is Primary – UnitedHealthcare requires a copy of each individual's Medicare card to verify enrollment in parts A and B. ▪ A copy of the Medicare ID card may be required for employees (waiving or enrolling) to confirm participation. ▪ Arrange all Employee Enrollment Forms (including waivers) in the order of the DE9 and DE 9C or payroll records submitted with the group application materials. ▪ All forms must be completed in their entirety. 	
Waiver Requirements – Employee Enrollment Forms	<ul style="list-style-type: none"> ▪ Complete Employee Enrollment/Waiver of Coverage Form for all eligible employees and dependents not electing to enroll. ▪ A copy of the current carrier ID card is required to confirm participation requirements. ▪ Reason for declining must be clearly indicated. ▪ Waiver section signed and dated within 6 months of the effective date. 	
Employer Contribution Requirements	Employer must contribute at least 50 percent. If the employer contributes 100 percent of the employee premium, 100 percent of the employees must enroll.	

Participation Requirements (Groups 1-50)	<ul style="list-style-type: none"> ▪ A minimum of 75 percent participation is required for contributory groups, excluding COBRA participants. ▪ Groups offering the UnitedHealthcare Choice Simplified Package and a staff model – There must be at least 75 percent participation between the two carriers with 5 California employees enrolling with UnitedHealthcare, excluding COBRA participants.* A complete copy of the most recent billing statement from the staff model reflecting employee census and applications/waivers from any employees not reflected on the billing statement. ▪ Groups offering the UnitedHealthcare Multi-Choice® State Package and a staff model – There must be at least 75 percent participation with UnitedHealthcare, excluding COBRA participants. A complete copy of the most recent billing statement from the staff model reflecting employee census and applications/waivers from any employees not reflected in the billing statement. ▪ Additional participation guidelines for all groups applying for coverage <ul style="list-style-type: none"> – When the employer contributes 100 percent toward the employee premium, 100 percent of Eligible Employees must enroll. – COBRA participants and employees in waiting period are not considered Eligible Employees and are not included when determining the participation requirement. <p>* Excluding valid waivers for spousal group coverage through another employer's plan, parental group coverage through another employer's group plan for a dependent up to age 26, spousal COBRA/state continuation, Medicare (parts A and B required), TRICARE or at-no-cost, government-sponsored plans including an Exchange. Individual waivers are considered valid waivers for non-grandfathered groups beginning January 2014. This does not apply to groups written or renewed in 2013.</p>
Participation Requirements (Groups 51-99)	<ul style="list-style-type: none"> ▪ UnitedHealthcare sole carrier – At least 75 percent of all eligible employees must enroll in the employer-sponsored UnitedHealthcare plan. Those employees who are waiving due to other group coverage being in force will not be counted toward this requirement (i.e., spousal coverage). UnitedHealthcare will not accept less than 50 percent of all benefit eligible employees (including those waiving for spousal coverage) enrolling in an employer-sponsored plan. ▪ UnitedHealthcare alongside a staff model HMO – At least 75 percent of all eligible employees must enroll in an employer-sponsored plan. Those employees who are waiving due to other group coverage being in force will not be counted toward this requirement (i.e., spousal coverage). UnitedHealthcare will not accept less than 50 percent of all employees (including those waiving for spousal coverage) enrolled with UnitedHealthcare. A minimum of 50 percent of the employees enrolled in an employer-sponsored plan must enroll with UnitedHealthcare. <p>Employer Contributions – The employer must contribute a minimum of 50 percent of the employee-only premium.</p>
Out-of-State Eligibility	<p>UnitedHealthcare products – No more than 25 percent of the group may be located in Vermont or Minnesota.</p>

Standard Administrative Options/Post-Sale

Effective Dates/ Backdating	<ul style="list-style-type: none"> ▪ 1st of the month effective date for UnitedHealthcare products. ▪ All required case installation documentation must be received by the fifth working day of the month in order to backdate coverage to the first of the month. ▪ A group must be approved by underwriting no later than the 15th of the month, after the requested effective date. ▪ 15th of the month effective date for UnitedHealthcare Core, Select Plus, Select Plus Direct, Select Plus HSA and Traditional. ▪ All required case installation documentation must be received by the 20th of the month in order to backdate coverage to the 15th of the month. ▪ A group must be approved by underwriting no later than the 30th of the month, after the requested effective date.
Retiree Coverage	Retiree coverage is not available.
Effective Date	Only groups electing Select and/or Core plans are eligible for the middle of the month (15th) effective date. HMO plans are not eligible for the middle of the month (15th) effective date.
Grace Period (Does not apply to HMO)	30 days (This is the number of days during which UnitedHealthcare will wait for payment without terminating the group. This is not necessarily an interest-free period.) Payment is due the first of each month. If no payment is received within 10 days after the due date, the collection process will start. A reinstatement charge will be assessed to reinstated groups. Only one reinstatement is allowed during a contract year and is not guaranteed.
Delinquent Policy	A policy that is not paid by the due date is considered delinquent and late charges may be assessed against any delinquent policy.
Mandatory Enrollment into Products	If the employer contributes 100 percent toward medical or ancillary products premium (Life and AD&D, Dependent Life and/or Group Dental), then all employees must elect that product's coverage. (100 percent contribution requires 100 percent participation.)
Date of Birth Calculation (Age-Banded Rate Changes)	Renewal rule: A member's billing age will be increased on the first billing due date following the group's renewal.
Open Enrollment Period	Month prior to renewal.
Medical Cards	Mailed to employee's home.
Certificate of Coverage	Mailed to employer for distribution to employees.
Covered Eligibles (Please reference Page 2 for additional eligible dependent criteria)	<ul style="list-style-type: none"> ▪ Employee's spouse/registered domestic partner as determined by the employer. ▪ Child(ren) of the enrollee or spouse/registered domestic partner up to age 26. ▪ Adopted children. ▪ Dependents such as nieces and nephews who are court-ordered to be covered by member's group plan.
Invoice Frequency	Monthly.

Standard Eligibility Provisions/Post-Sale

Dependent Maximum Age Limits	Child(ren) of the enrollee or spouse/registered domestic partner up to age 26.
Effective Date for New Hires	Maximum waiting period is 90 days.
Minimum Hours Worked Per Week to be Eligible	An average of at least 30 hours per week (full-time) over the course of a month. Permanent employees who work 20–29 hours per week can also be eligible employees if the employer elects to offer coverage to these part-time employees (Groups 1-50).
Effective Date of Termination	Last day of the month in which the term occurs.
Date for Status Change	<ul style="list-style-type: none"> ▪ 1st of the month following change. ▪ Newborns, new marriages and late adds with a qualifying event that we are notified of within 30 days are added on the date of the event.
Events	Newborn; marriage; registered domestic partner; divorce; adoption; death; loss of other coverage.
Dual Coverage (Employee works for two employers and is covered under both policies)	Not allowed.
Double Coverage (Husband/Wife work for same employer and cover each other)	Not allowed.
Employer Plan Termination	<p>UnitedHealthcare may terminate group coverage for:</p> <ul style="list-style-type: none"> ▪ Nonpayment of premiums. (The group is liable for payment of premiums for the entire term the policy/agreement is in force, including the grace period.) ▪ Not meeting contribution requirements. (30 days advance notice) ▪ Not meeting participation requirements. (30 days advance notice)
Voluntary Termination	Coverage may be terminated by the group, after at least 30 days prior written notice to UnitedHealthcare. The written notice must be signed by an officer of the group.
Groups Previously Terminated for Nonpayment	Reinstatement must be requested within 60 days of the date coverage is terminated for nonpayment. If approved, a reinstatement charge will be assessed to any reinstated group. Reinstatement will not be offered once a group has been terminated for nonpayment three times.

Spinoff Groups Policy

<p>What is a spinoff group?</p>	<p>A spinoff group is a company that is being formed from employees of an existing company branching out on their own, thus forming a new group. The employees forming this company are no longer employed by the larger company and are applying for coverage on their own under a new policy/agreement.</p>
<p>What information needs to be sent when a spinoff group is submitted and how do we review a spinoff group?</p>	<p>The group must be spinning off of an existing UnitedHealthcare group and is subject to the following:</p> <p>Although these types of spinoff groups are newly formed, they are not subject to the 50 percent of the preceding calendar quarter/year rule. All spinoff groups, including the spinoff group as well as the group it is spinning off from, must be reviewed and approved by Underwriting. This may result in adjustments to rates and/or bill type.</p> <p>The following requirements need to be included in every submission:</p> <ul style="list-style-type: none"> ▪ Case Submission Cover Page (1-50) ▪ Completed Employer Group Application for the new group ▪ Current State Wage & Tax, current two weeks or quarterly payroll report. Refer to the applicable Proof of Ownership, Quarterly Wage Report and Payroll Record Requirement Guidelines ▪ A letter, on company letterhead, that explains the request and effective date ▪ Employee Enrollment Forms and Declinations for all Eligible Employees ▪ Group Acceptance Form for the new group ▪ Binder Premium Check ▪ These groups will not be considered under Start-Up groups

Acquisition Guidelines

The following information is needed to review the acquisition:

- Letter from group with the explanation of request and effective date
- Completed Group Application
- Completed Employee Enrollment Forms or waivers
- Proof of the acquisition (acquisition agreement)
- Proof of Ownership (newly formed articles, purchase agreement, or tax documentation documenting the acquisition)
- Current carrier census/plan and current carrier bill
- Copy of the current QWR, or two weeks or quarterly of payroll reports

Professional Employer Organization (PEO) Guidelines

Underwriting Guidelines for Small Business groups (1-50) terminating their PEO Arrangement:

PEO or leased employees are considered employees of the PEO company. Employers who utilize the services of a PEO generally do not meet the definition of a small employer as the transfer of employees to the PEO in effect severs the employer/employee relationship. As a result, UnitedHealthcare will not consider these employers eligible for coverage under the small group book of business.

An employer group that dissolves its relationship with the PEO and reestablishes the employer/employee relationship will be considered for small group coverage with a coverage date on or after the termination date of the PEO arrangement. The employer group must meet the definition of an AB1672 employer and must have maintained 1-50 employees for 50 percent of the previous calendar quarter or 50 percent of the previous calendar year in order to be considered guaranteed issue.

Submission Requirements: In addition to all other standard new business documentation/paperwork, the following is also required from groups applying that have terminated their PEO arrangements.

1. A copy of the prior carrier bill from the PEO with employee census confirming prior coverage.
2. A copy of the contract termination letter sent from the PEO to the client (employer) business. This letter is generated by the PEO and verifies the cancellation of the leasing arrangement as well as the cancellation date.
3. At least two weeks of payroll from a legitimate payroll company for the employer group. The payroll must be issued in the name and Tax Identification Number of the individual employer group, not the PEO. In the event a DE 9C or payroll is unavailable, groups must provide the following:
 - A copy of six weeks of charge back invoices from the PEO to establish AB1672 for a 1-50 small employer, and
 - A copy of the PEO Benefit Register or prior carrier bill so preexisting will not be applied.
 - A letter from the company owner/officer stating the following: the company has canceled its contract with the PEO and the effective date of cancellation; approval is contingent upon UnitedHealthcare receiving, within 45 days of the effective date, 30 days of payroll records for all employees; and UnitedHealthcare reserves the right to rescind or non-renew coverage if payroll documentation is not provided in a timely manner, or it does not meet UnitedHealthcare criteria for enrollment eligibility.
 - Groups are still subject to normal new business requirements, including but not limited to, business owner documentation and/or applicable tax forms, prior carrier billing, etc.

The employer group must have offered the employees health insurance previously through the PEO. UnitedHealthcare will not consider the employer group eligible until the employer can meet the definition of a small group employer by satisfying the previous calendar quarter/year test.

Underwriting Guidelines for Small Groups with a PEO Arrangement for payroll purposes only:

A small group employer that utilizes the services of the PEO for payroll purposes alone and the PEO otherwise does not act as a “co-employer,” UnitedHealthcare will offer coverage to the small group client company without requiring the employer to terminate their PEO contract.

1. UnitedHealthcare will only enter into a contract with the “client company” (the employer group) of the PEO.
2. The client company must meet the definition of a 1-50 small employer or 51-99 small employer depending upon the benefit coverage request.
3. Only an officer of the client company may enter into, and sign, the insurance contract; it cannot be signed by the PEO and/or PEO “co-employer.”
4. UnitedHealthcare must be the sole provider of health insurance.
5. If the employer group currently has UnitedHealthcare health coverage offered or sponsored through a PEO that is covered as an active UnitedHealthcare mid-market group (ADP or Administaff, for example), they will not be considered eligible for coverage as a separate small employer unless they terminate their PEO relationship.
6. To qualify on a guaranteed issue basis, the group must meet the criteria outlined in the Employer/Employee Eligibility section on Pages 1-2.

Submission Requirements: In addition to all other standard new business documentation/paperwork, the following is also required from groups applying with PEO arrangements for payroll purposes only:

1. UnitedHealthcare will accept documentation from the PEO or payroll record service that is issued on behalf of the individual employer.
2. This documentation must be in the form of a payroll report from a legitimate payroll record service, issued in the name and Tax Identification Number of the individual employer group. The payroll records may not contain employees of any other PEO client company.
3. Presuming the group can provide the “employer-specific” wage/tax or payroll documentation, it will be considered eligible to apply for small group coverage and will not be required to terminate its PEO contract.
4. If the group cannot provide the specific wage/tax or payroll noted above, a “co-employer” relationship with the PEO will be determined to exist and the client company will not be eligible to apply unless/until the PEO Contract is terminated.

Exclusions and coverage limitations are detailed in the *Certificate of Coverage/Evidence of Coverage*. If this document conflicts in any way with the *Certificate of Coverage/Evidence of Coverage*, the *Certificate’s* provisions prevail.

Multi-Site Quick Reference

To determine the Base Location State (BL) for a new group, count all enrolling employees in all locations (including commonly owned affiliate locations, if applicable). The following represents the order of priority for determining the Base Location state. Employees are considered to be “employed” in a particular state based on the information reported by the policyholder/employer in the applicable Wage & Tax Statement(s).

1. The state where the MAJORITY (>50%) of enrolling employees are employed.
2. If no majority exists, the BL is the state where the PLURALITY (i.e., most) of enrolling employees are employed.
3. If no majority or plurality exists, use the employer’s PRIMARY BUSINESS LOCATION (PBL) to determine BL.
 - a. Primary Business Location is where the business has filed their Articles of Incorporation. There may or may not be an actual physical building in the state where the Articles of Incorporation have been filed.
 - b. If the PBL represents <10% of the enrolled employees, please contact your Sales Executive for guidance.
4. Once the BL has been established:

Review the BL state definition for small business and confirm that the group meets the definition of small business. If the group does not meet the applicable state’s definition of small business, please consult with your Sales Executive.

5. Other things to consider:
 - a. If possible, avoid using an employee’s residential address to determine BL.
 - b. If there is a conflict between these guidelines and state regulations, always defer to the state regulations.
 - c. Call your Sales Executive with questions or unique scenarios.

Note: COBRA employees are not counted for determining base employer location.

Note: Employees in the waiting period are not counted for determining base location.

Note: The rules for determining the eligible employees used for meeting participation requirements are unchanged from current practice.

Note: UnitedHealthcare alongside staff model groups requires at least 5 medical enrolling employees that reside and work in California enrolling with UnitedHealthcare. These groups must also meet underwriting guidelines.



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