

Small Group



BlueCross
of California



BC Life & Health
Insurance Company

Underwriting Guidelines

For Businesses with 2-50 Employees
Effective November 1, 2005

Solutions

Small Business Health Care Plans **at Work**



IMPORTANT CONTACT INFORMATION

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For Agents/Brokers Section of Web Site

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To Order Supplies

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Online: Go to www.bluecrossca.com, click *Agents/Brokers* tab, log in, click *Agent Supplies* and *Order Supplies Online*

You may view, download and print these underwriting guidelines as well as other forms and documents from the Agents/Brokers section of our Web site. To access this and other documents online, visit www.bluecrossca.com and click *Agents/Brokers*. Log in and then click *Agent Supplies*.

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INTRODUCTION

The guidelines in this manual are a statement of Blue Cross' current GENERAL underwriting approach to Small Group business.

Blue Cross will make every effort to keep all parties informed of any changes to these guidelines in a timely manner. Future changes will be communicated as updates to the most current published guidelines.

Only Blue Cross Small Group underwriters may make the final decision to accept or decline a case or determine the rate level or an effective date. Agents are NOT authorized to bind or guarantee coverage or a specific rate level or effective date. Please caution all prospective groups to maintain their current coverage until Blue Cross notifies them they have been accepted for coverage by our plan.

SECTION 1

OVERVIEW OF UNDERWRITING PROCESS

1. Requirements for Completion of Forms

The following are required documentation when submitting new business:

- a. A Copy of agent's quote (based upon final enrollment).
- b. The most current Small Group Employer Application (Master Application).
- c. The most current Applications from all employees/dependents enrolling.
- d. Applications from all employees/dependents declining coverage. Sections 2 and 4 of the Employee Application must be completed.
- e. A Copy of the firm's most recent DE-6 Quarterly State Tax Withholding Statement with current employment status of all employees listed. (*see below**)
- f. If a group replacement case, a copy of the last month's group premium statement.
- g. COBRA/FMLA/Cal-COBRA questionnaire, if applicable, submit last billing statement listing COBRA/Cal-COBRA subscribers.
- h. A company check for the first month's applicable coverage(s) made payable to Blue Cross of California.
- i. Submit 100% of the premium with the applications.

* See Section 3, *California Underwriting Business Requirements for Sole Proprietors, Partner or Corporate Officers not appearing on the DE6.*

2. Guidelines for Completion of Forms

Guidelines for 2-50 Small Group Employer/Employee Applications are as follows:

All questions must be answered and all signatures and dates obtained before Blue Cross can begin processing the group applications. If the group paperwork is incomplete, the underwriter may be unable to complete the process.

- a. The employee's signature date cannot be more than 60 days prior to the requested effective date for new group submissions.
- b. Only the employee may fill in, or modify information filled in, on the employee application. Any changes to filled in information must be initialed and dated by the employee. No alteration to pre-printed material on the employee application is acceptable, and altered forms will be rejected.
- c. **Language Assistance:** Whenever a condition arises where the individual(s) completing the application(s) has a language barrier and requires assistance to properly complete the form, a signed Blue Cross Exception to Standard Enrollment Form/Translator's Statement (form # 7077) from the group or the agent explaining the situation must accompany the application when submitted.

3. Process

Underwriters evaluate small groups to determine the appropriate Risk Adjustment Factor (RAF) and whether the group qualifies for coverage.

4. Processing Time Specifications

Because processing within specific time frames is important, all forms and other documents submitted for evaluation must be accurately completed and included when the case is first submitted to Blue Cross.

- a. Blue Cross must receive the completed new group paperwork by the 5th working day of the month when the application is for the 1st of the month effective date. If the application is made for a 15th of the month effective date, paperwork must be received by the 12th calendar day of the month.
- b. Any additional information required for making a determination must be received within 10 days of the Underwriter requesting the information.
- c. Incomplete information not received in a timely manner may result in the withdrawal of the group for the month requested.

5. Evaluation Criteria

Underwriting is based on the following criteria:

- a. Business qualifications
- b. Employer contribution
- c. Health
- d. Employee and dependent eligibility
- e. Employee participation
- f. Group demographics
- g. Workers' Compensation

Groups could be declined if:

- h. A bonafide employer/employee relationship does not exist (i.e., 1099s; leased employees).
- i. More than 49% of the group's eligible employees are employed outside of the state of California on 50% of the work days in the last calendar quarter or the last calendar year.
- j. The employer does not have and maintain business licensure in the state of California.
- k. The group employed less than 2, or more than 50 employees, on 50% of the work days in both the last calendar quarter and the last calendar year.
- l. The group's prior Blue Cross group coverage terminated less than 12 months prior to application for Small Group coverage.
- m. The group is a carve-out.
- n. The group is not subject to AB 1672 guidelines.

SECTION 2

GENERAL UNDERWRITING GUIDELINES

1. Group Eligibility Requirements

- a. The group must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in the state of California.
- b. The majority (51%) of all eligible employees must be employed in the state of California. Residents of Hawaii are not eligible.
- c. The group employs at least two but not more than 50 eligible employees per AB 1672.

2. Employer/Employee Relationship Requirements

- a. An employer/employee relationship must exist.
An employee who works a minimum of 30 hours per week and meets the California labor laws is considered a full-time employee. An employee who works at least 20 hours, but not more than 29 hours, is considered a part-time employee. See Part-Time Employee Coverage for further guidelines.
- b. Persons compensated on a 1099 basis are not eligible.
- c. Seasonal, temporary or substitute employees, defined as employees hired with a planned future termination date, are not eligible. (*see #4 of this section*)
- d. One employer group per group benefit agreement.

NOTE: If an owner believes that the structure of his/her holdings produces a single employer-employee relationship, Blue Cross will require copies of all associated supporting documentation, to be submitted in advance of case submission. The final determination of whether or not there is one responsible employer will be made by Blue Cross.

3. Part-Time Employee (PTE) Coverage

All current underwriting guidelines apply to PTEs with the following additional guidelines:

- a. Minimum hours per week for eligibility is 20. The employee must have worked at least 20 hours, but not more than 29 hours, per normal work week, for at least 50% of the previous calendar quarter and must have completed the probationary period selected by the employer.*

**Additional part-time eligibility is available to part-time employees working 15 to 29 hours per week only if this option is selected by the employer.*

- b. It is the employer's option to offer health coverage to PTEs. If that option is exercised, all similarly situated individuals must be offered coverage under the employer's benefit plan.

- c. Employer contribution, waiting period, and benefit choice (which may include Dental) must match the coverage available to full-time employees.
- d. Participation requirements are based on the total number of PTEs and FTEs (full-time employees).
- e. To add PTE eligibility to an existing group, a new employer application, DE-6, and application/declinations on all eligible PTEs are required. Existing groups may add this option on their anniversary date.
- f. Blue Cross may require all necessary information to document the hours and time periods in question, including, but not limited to, payroll records and employee wage and tax filings.

NOTE: If the above criteria are met for Medical, Life coverage can be written for those eligible as part-time employees. Life coverage is still subject to medical underwriting.

4. Seasonal Employee Coverage

All current underwriting guidelines apply to Seasonal Employees with the following additional guidelines:

- a. It is the employer's option to offer health coverage to Seasonal Employees. If that option is exercised, all similarly situated individuals must be offered coverage under the employer's benefit plan.
- b. Qualified groups must be in the following agricultural industries only:
 - crops (0111-0191)
 - livestock (0211-0291)
 - support and management (0711 – 0762)
- c. Conditions of Enrollment for Employer Groups Offering Seasonal Coverage Form (Form #10080) must accompany the group upon submission.
- d. Seasonal Employees must have a zero month probation period.
- e. Seasonal Employees must work a minimum of 30 hours per week, for at least 3 months, but not more than 9 months, during the calendar year to be considered eligible.
- f. When filling out the employee application, the occupation should be listed as "seasonal".

5. Ineligible Categories

Associations, Multiple Employer Trusts, Taft-Hartley, Retirees, Hour Bank Groups and other classifications which are not eligible for coverage.

Definitions follow:

- a. Association** (unless qualifying as a Guaranteed Association) — A group of employer units that are banded together for any reason.
- b. Multiple Employer Trust** (unless qualifying as a Guaranteed Association) — Employers, usually in the same or related industries that are brought together by an insurer, agent, broker or administrator for the purpose of providing insurance for their employees under a master contract issued to a trustee under a trust agreement.
- c. Retirees** — Retirees are eligible for Individual products of either conversion or Medicare supplements.
- d. Taft-Hartley** — A group in a trust established under the authority of the Labor Management Relations Act of 1948. It is comprised of one or more unions and one or more employers who provide coverage for union members. A group contract is issued to the trustees named under the trust agreement, which usually results from collective bargaining.
- e. Hour Bank Group** — A Taft-Hartley Welfare Fund in which eligibility under the fund is determined by a certain number of hours worked. If an employee works more hours than is needed to maintain eligibility, he can put all or a portion of these excess hours in the bank. If an employee works insufficient hours to maintain eligibility, he can draw on his bank hours.
- f. Other ineligible classifications include** — Single-employee companies, 1099s, leased employees, and members of organizations (such as credit union or fraternal order members). Employer does not have and maintain a business licensure and/or appropriate state filing allowing the company to conduct business in the state of California. Board of Director members and stockholders are not eligible unless they are also officers, and working at least 20 hours per week.

6. Contribution

Employers may choose their preferred approach for contributing toward employee health premiums. Payroll deduction is required if contributory. Employers have the following contribution options:

Medical:

- Traditional Option – A minimum contribution of 50% of each covered employee's monthly health premium for EmployeeElect or 25% for BeneFits Portfolio
OR
- Fixed Dollar Option – Any fixed dollar amount \$100 or of greater (in \$5 increments) per employee per month for each covered employee's health premium for EmployeeElect or \$50 or greater for BeneFits Portfolio.
OR
- Percentage & Plan Option – A minimum of 50% toward a specific plan, chosen by the employer. It is **NOT** available for the Basic PPO Plan.

Dental

- Traditional Option – A minimum of 50% of each covered employee's monthly dental premium for EmployeeElect and BeneFits Portfolios.
OR
- Fixed Dollar Option – Any fixed dollar amount \$15 or greater (in \$5 increments) of each covered employee's monthly dental premium for EmployeeElect.
- Voluntary Dental – 0% to 49% if offering Voluntary Dental plans. Voluntary Dental plans may be 100% employee-paid and cannot be combined with non-voluntary Small Group Dental plans. Payroll deduction is required.

Vision

- A minimum of 50% of each covered employee's monthly vision premium for EmployeeElect and 25% for BeneFits Portfolio.

Life

- Employers must contribute a minimum of 25% of each covered employee's monthly Life premium. Payroll deduction is required if contributory.

7. Employee Eligibility

To be eligible as an employee, a person must be an active employee on a full-time basis and with a regularly scheduled work week of at least 30 hours per week, and be compensated for that work by the employer (subject to withholding as appears on a W-2 form). Sole proprietors, partners and corporate officers must work at least 20 hours a week to be eligible. If an employer elects to cover part-time employees, that employee must have worked at least 20 hours, but not more than 29 hours, per normal work week for at least 50% of the previous calendar quarter and must have completed the probationary period selected by the employer.*

**Additional part-time eligibility is available to part-time employees working 15 to 29 hours per week only if this option is selected by the employer.*

NOTE: See Section 3, *California Underwriting Business Requirements* for Sole Proprietors, Partners or Corporate Officers not appearing on DE-6.

8. Employee Participation Requirements

The standard group participation requirement in the employer's Blue Cross Small Group Employee Elect health plan is a minimum of 75% of the eligible employees. The standard group participation for the Benefits Portfolio is 60% of the eligible employees.

The group must maintain the corresponding minimum participation levels in order to remain eligible (or 100% if non-contributory). Groups are subject to non-renewal if participation falls below the required minimum.

If an employee is waiving coverage due to other group coverage through another employer (as a subscriber or a dependent), the employee may be considered ineligible for the purposes of calculating participation. The employer must submit a declination for these employees and proof of coverage.

If a husband and wife both work for the same employer, they may apply separately as employees, or one may be a dependent on the other's coverage. The children may apply as dependents of either or both employees.

Class carve-outs such as management only, union vs. non-union, or salary vs. non-salary may be considered with underwriting approval (**minimum eight enrolling employees**). A list of the job classifications that the employer wishes to insure will be required with the initial submission of the group. All employees need to be accounted for and those in the carved-out classification must be identified. These carve-out groups are subject to

underwriting approval, and may be declined if they do not meet Blue Cross' underwriting criteria. Blue Cross considers union employees to be eligible for participation purposes.

In order to offer Voluntary Dental plans, there must be a minimum of three employees or 25% participation of eligible employees, whichever is **greater**, in either or both Voluntary PPO and HMO dental plans for groups of 2–50 that have medical coverage.

9. Medical Underwriting

Groups of 2–50 will be underwritten subject to criteria outlined in AB 1672. All other groups submitted who do not qualify for coverage per AB 1672 will be subject to underwriting approval. Blue Cross reserves the right to defer the group until AB 1672 requirements are fulfilled.

2–10 Enrolling

Employer groups with 2–10 eligible enrolling employees must complete long-form health evidence of the current 2–50 Small Group Employee Application for EmployeeElect only.

11–50 Enrolling

Employer groups with 11–50 eligible enrolling employees must complete the short form health evidence of the current 2–50 Small Group Employee Application.

a. Any eligible employee and/or dependent waiving coverage at time of enrollment or canceling coverage for themselves or dependents must complete a declination of coverage, Employee Information Section (name and Social Security or ID number) coverage declination section of the employee application, and must forward it to Blue Cross. Proof of coverage may be required.

- b.** Late enrollees (*See Section 5, Definitions*) may apply at the group's anniversary date, known as "Open Enrollment."
- c.** Applications over 60 days old are not acceptable for underwriting purposes, unless the Exception to Standard Enrollment Form/Translator's Statement (Form # 7077) is completed and submitted with application.
- d.** The Underwriting department can usually make an immediate decision if all proper documentation is received with the initial submission. Please refer to page 2 for all documentation needed. Any missing documentation and/or premium will cause a delay in the Underwriting process.
- e.** Under normal circumstances, the Underwriting department does not request an attending physician's records. However, additional medical information may be required to determine the appropriate Risk Adjustment Factor. If underwriting requests medical records the applicant is responsible to provide them at his/her own expense. HIPAA Conditional Authorization will be required.
- f.** A preliminary group review may be obtained from the Underwriting department by submitting a completed New Business Inquiry form (Form #IS2417). The group will be examined to determine eligibility and the most likely Risk Adjustment Factor. **This is only a preliminary review. The final underwriting decision will be made when all required documents have been received and evaluated.**

- g.** Start-up groups (new business ventures) can be considered for Small Group enrollment on a non-guaranteed basis. A start-up group is defined as a small employer group, meeting all other requirements of a small employer except for the length of time in business. Blue Cross reserves the right to defer the group until AB 1672 requirements are fulfilled.
- h.** A Professional Employer Organization (PEO) can be considered for Small Group Enrollment on a non-guaranteed issue basis PEOs are limited to one PPO/EPO/HSA selection and one HMO selection offered by the employer with a minimum of five eligible enrolling employees. A PEO is the legal employer of both its administrative employees that operate the PEO and the personnel it makes available to various entities to provide services for those entities.

10. EmployeeElect – Medical Coverage

Employers may offer one plan, a mix of plans or all EmployeeElect plans to their employees. The Power SelectHMO plan, if selected, is not available in conjunction with any other HMO plan.

11. High Deductible EPO Plan

- a.** For purposes of determining participation requirements, the High Deductible EPO Plan will be considered a PPO Plan.
- b.** High Deductible EPO is not an HSA (Health Savings Account).
- c. High Deductible EPO is available only to employees who reside in California.**

12. High Deductible (HSA-Compatible)

- a. PPO 2400 (HSA-Compatible) and PPO 3500 (HSA-Compatible) High Deductible Plans are available and are designed to work seamlessly with Health Saving Accounts.
- b. If the employer elects to offer the High Deductible HSA-Compatible plan with enrollment through JP Morgan/Chase, they must submit a completed *original* Chase Health Savings Account Employer Group HSA Initiation Form.
- c. Group members have the option of enrolling in an HSA on their own, or enrolling in a JP Morgan/Chase HSA as part of the Blue Cross enrollment process.
- d. If employee select to enroll in the HSA with JP Morgan/Chase, they must submit a completed, *original* Chase Health Savings Account application, along with their Blue Cross employer application.
- e. If a group elects the PPO 2400 or PPO 3500 (HSA-Compatible) High Deductible Plans, and any employee elects to enroll in either of these plans, the employer must complete and submit the “Employers Statement of Understanding” (Form 10722).

13. EmployeeChoice

Employers have the opportunity to offer Blue Cross along side another carrier’s HMO.

- a. Employees who enroll in the other carrier HMO sponsored by their employer are treated as allowable waivers.
- b. Five (5) medical plans are available, all Dental Plans, Life Plans and Vision plans are available.
- c. A minimum of 5 eligible enrolling employees is required on Medical. (Carve outs will not be considered)
- d. Participation and Contribution options are the same as EmployeeElect coverage.
- e. Prior Carrier Bill is required

Blue Cross will not be involved in any way in the employer’s arrangements with the other carrier and makes no guarantees about another carrier’s acceptance of a group applying for coverage. EmployeeChoice groups are subject to participation verification.

14. BeneFits Portfolio

Employers have the option of providing all medical products in this portfolio, along with Dental, Life and Vision.

- a. Five (5) medical plans are available.
- b. Participation requirements have been reduced to 60%.
- c. Contribution requirements have been reduced to 25% or a minimum of \$50.00 per employee. This applies to Medical only.
- d. Two (2) additional Dental Benefits are available. (The Hospital BeneFits Preferred plan includes dental coverage)
- e. Life insurance is available up to \$50,000.
- f. “Employers Statement of Understanding” (Form #10722) is required.

15. Dental Coverage

Employers have the option of selecting “all plans” for their employees, or designating specific plan options to make a available to employees.

Standard group participation for EmployeeElect is a minimum of 75% of eligible employees and for BeneFits Portfolio a minimum of 60% of eligible employees. Minimum contribution requirements are defined in *Section 2, Number 6*.

Voluntary Dental plans are offered to groups of 3–50 **with medical coverage**. A minimum participation of three employees or 25% of eligible employees, whichever is greater, in either or both Voluntary PPO and HMO dental plans is required. Voluntary and non-voluntary dental plans can not be combined with these plans.

16. Vision Coverage

BC Life & Health Insurance Company now offers *Blue View Vision*SM in two plan options designed for Small Business. *Blue View Vision* offers comprehensive, inexpensive vision care that features access to an extensive network of 4,600 California providers including LensCrafters, Target Optical, and most Sears Optical and Pearle Vision locations easy-to-use benefits and savings as far as the eye can see!

- a. Available as stand alone, or in conjunction with Medical, Dental and Life.
- b. Rates and benefits are guaranteed for 24 months.
- c. There are two plans available. Employers may elect one or both options.
- d. Participation is 75% on EmployeeElect (100% if non contributory) and 60% on BeneFits Portfolio.
- e. Contribution is 50% on EmployeeElect and 25% on BeneFits Portfolio.

17. Life Coverage

- a. Stand-alone employee and dependent Life is available.
- b. Participation requirements are 75% of eligible employees. If non-contributory, 100% participation is required.
- c. Employees must contribute a minimum of 25% of life premium.
- d. Stand-alone life is available to groups of two or more. A minimum of two must enroll.
- e. Groups electing a minimum of \$25,000 or more life coverage *may* qualify for 1% savings on medical premiums.
- f. Supplementary Life is available for group of 2-50 in addition to basic Life option. For groups with two employees, 100% participation is required. For groups of 3-50 employees, a minimum participation of 25% of eligible employees is required, with a minimum of three enrolling employees. Supplemental Life is 100% employee-paid. Supplemental Life is **not** available on a stand-alone basis. Subject to **Underwriting approval**.

Underwriting 2-10 Enrolling for Life Coverage

- g. Life insurance coverage for groups of 2-10 eligible enrolling employees is **subject to full medical underwriting** and is not subject to AB 1672 guidelines. Composite Life rates are not available.

Underwriting 11-50 Enrolling for Life Coverage

- h. For all new groups of 11 or more enrolling employees, Composite Rates will be offered. Composite rates

mean that a qualifying group receives a single rate per \$ 1,000 of Life coverage regardless of age and sex.

- i. Employer groups with **11-24 eligible enrolling employees** are guaranteed for up to **\$50,000** of Life Insurance coverage on EmployeeElect Employer Groups with 25-50 **eligible enrolling employees** are guaranteed for up to \$100,000 of Life Insurance coverage. Any Life Insurance coverage over the guaranteed amounts will require health evidence to be completed and is **subject to underwriting approval**.
- j. Future enrollees and new hires must complete the appropriate health evidence section of the employee application if the amount chosen is more than the GI amount. Life Insurance is **subject to underwriting approval**.
- k. **Existing medical groups choosing to add Life Insurance or increase the Life coverage are subject to underwriting approval, regardless of group size.**

18. P.O.P. (Premium Only Plan)

P.O.P. is available to any size group and is allowed under a special provision of Section 125 of the IRS Tax Code, that addresses employer and employee tax relief. With a P.O.P., employers must adjust their payroll process and pay their employees' portion of their group insurance premiums on a pre-tax basis. Ceridian Benefits Services will provide all necessary information for a group to install and support a P.O.P.. Groups that enroll 10 or more eligible employees on EmployeeElect, and that elect medical and life, OR groups that enroll 5 or more employees on BeneFits Portfolio medical plans will receive the first year's P.O.P. services from Ceridian at no charge. Groups enrolling fewer than 10 eligible employee will pay \$125 annual fee for the service. A **separate check** for the P.O.P. premium made payable to Blue Cross must be submitted along with the P.O.P. application. If a group applies for Blue Cross of California medical coverage concurrently with P.O.P., the group must submit the P.O.P. application and separate check with all other required paperwork. For complete details, order the Employer's Guide to P.O.P. (Form # 3949) available online at www.bluecrossca.com or through Supply.

NOTE: The P.O.P. enrollment cannot be processed until the underwriter has approved the group medical and/or dental coverage. Therefore, the P.O.P. effective date assigned by Ceridian may be later than the effective date of the group's medical and/or dental coverage.

19. Workers' Compensation

Workers' Compensation insurance is available in conjunction with medical and is underwritten by Employers Compensation Insurance Company. Integrated MediComp combines group health and Workers' Compensation to provide 24-hour coverage for the employee administered through one source.

20. Rating Policies

- a. All rates will be based upon actual enrollment.
- b. The Small Group underwriter will determine the group's acceptance, final rates and effective date.
- c. Approved out-of-state employees will be charged an area-rate based on the location of the employer's place of business.

21. Rate and Benefit Guarantee

- a. Medical rates are guaranteed for a minimum of 12 months. Focal renewal or anniversary month will determine timing of future adjustments.
- b. Changes to both medical rates and benefits can be made with 30 days notification.
- c. Changes to the Risk Adjustment Factor are limited as defined by AB 1672.
- d. Stand-alone dental has a 12-month rate guarantee.
- e. If dental is written in conjunction with medical, it will receive the medical rate guarantee.
- f. There is no rate guarantee for life coverage.

22. New Group Eligibility/Effective Date

- a. The eligibility date for existing employees and dependents is the employer's effective date, unless new hires have not yet satisfied their employer's imposed waiting period. The effective date for these employees will be the first of the month following completion of the waiting period and submission of the Small Group Employee Application.
- b. The employer has the option to waive the waiting period for all new hires at **the initial group enrollment only**.
- c. Groups will not be guaranteed an effective date unless complete and correct group enrollment materials are received and approved by the underwriter.

23. Waiting Period

The employer may choose a first-of-the-month following hire date or 1, 2, 3, 4, 5 or 6-month waiting period for all future employees. The eligibility date for coverage for future employees is always the first day of the month following completion of the waiting period. **THERE WILL BE NO EXCEPTIONS MADE TO WAIVE THE WAITING PERIOD FOR ANY FUTURE EMPLOYEES.**

24. Pre-existing Conditions

- a. Pre-existing condition limitations are currently imposed, where applicable, for up to six months following the effective date of coverage and are applied to conditions for which care was sought or provided within six months of the enrollment date. Pre-existing condition limitations are not applicable to newborns and adoptees. Pregnancy is not subject to any pre-existing condition limitations.
NOTE: The "look back" period for pre-existing begins with the enrollment date (usually the hire date, not the effective date).
- b. Blue Cross will give credit for prior medical or dental coverage (including Individual, Group or State-Sponsored Programs) in accordance with Health Insurance Portability and Accountability Act (HIPAA) and AB 1672. (*Verification is required.*)
- c. Blue Cross HMO has no pre-existing condition limitations.
- d. New hires, re-enrollees and late enrollees could be subject to the pre-existing clause as stated above.

SECTION 3

GENERAL UNDERWRITING BUSINESS REQUIREMENTS

25. Takeover Provisions

Small Group takeover provisions comply with the following:

Any carrier providing replacement coverage with respect to hospital, medical or surgical expense or service benefits within a period of 60 days from the date of discontinuance of a prior contract or policy providing such hospital, medical or surgical expense or service benefits shall immediately cover all employees and dependents who were validly covered under the previous contract or policy providing such hospital, medical or surgical expense or service benefits at the date of discontinuance and are within the definitions of eligibility under the succeeding carrier's contract and who would otherwise be eligible for coverage under the succeeding carrier's contract, regardless of any provisions of the contract relating to active full-time employment or hospital confinement or pregnancy. However, with respect to employees or dependents who are totally disabled on the date of discontinuance of the prior carrier's contract or policy and entitled to an extension of benefits pursuant to subdivision (b) of Section 1399.62, or pursuant to subdivision (d) of Section 10128.2 of the Insurance Code, the succeeding carrier is not required to provide benefits for services or expenses directly related to any conditions that caused the total disability, except to the extent it may apply any applicable pre-existing conditions limitation (giving credit for prior coverage as required by law).

26. Prior Deductible Credit/ Annual Maximum Copayment/Dental Benefit Waiting Period Credit

- a.** For new group submissions, Blue Cross provides credit for deductibles met under prior group, medical or prior group dental coverage if proof of the actual dollar amount is submitted with the first claim.
- b.** Blue Cross provides credit for deductibles met under Blue Cross of California and BC Life & Health Insurance Company Individual coverage.
- c.** Credit for pharmacy deductible is not available.
- d.** Credit for annual maximum copayment is not available.
- e.** Blue Cross provides credit for the dental benefit waiting periods if Blue Cross receives proof of 12 months of prior creditable dental coverage at enrollment.

27. Eligible Dependents

Dependent coverage is available to the following:

- a.** Lawful spouse.
- b.** Registered domestic partner.
- c.** Unmarried natural child.
- d.** Newborn child.
- e.** Stepchild.
- f.** Legally adopted child.
- g.** Ward of legal guardian.

See Section 5, Definitions for specific age criteria and/or enrollment requirements.

28. Federal Regulations

- a. Federal TEFRA, DEFRA and COBRA legislation has been enacted to regulate employee health care coverage. Based upon this legislation and the limitations of the Blue Cross agreement, if a business employs, on average, fewer than 20 employees in a year, should any employee become 65 years of age, his/her primary health carrier must be Medicare. For these employees that are 65 years old and choose to retain their Blue Cross Small Group coverage, Blue Cross will apply contract benefits as a secondary carrier for Medicare benefits paid or payable.
- b. If a member is covered by both Medicare and a Blue Cross contract and Blue Cross is secondary to Medicare, the Medicare payment is calculated first and Blue Cross of California/BC Life & Health Insurance Company coordinates up to 100% of coverage for deductibles and co-insurance not to exceed the Blue Cross benefit.
 - If a member is required to pay an additional premium for ANY part of Medicare and chooses not to enroll in that part, Blue Cross will pay per contract benefits as primary.
 - If a member is eligible for ANY part of Medicare that is premium-free and chooses not to enroll in that part, Medicare would be considered primary and the member's Blue Cross plan would be secondary. Blue Cross will estimate Medicare's benefit prior to Blue Cross of California coordinating coverage for deductibles and co-insurance.
- c. Blue Cross of California/BC Life & Health Insurance Company is secondary to Medicare when the following criteria are met:
 - Employer has fewer than 20 employees and the member is age 65.
 - Members under 65 are eligible for Medicare due to a disability.
 - Members enrolled following the first 30 months of kidney dialysis treatments for end-stage renal disease.
- d. **COBRA:** Participation in the employee's benefit plan, as well as coverage under whatever medical programs are provided by the employer to employees and their dependents, may be continued under a federal law known as COBRA for groups that employ 20 or more employees for at least 50% of the previous calendar year.

The employer is responsible for administration (within the guidelines established by the federal government for compliance by employer groups).

29. State Regulations

Cal-COBRA (SB 719) took effect January 1, 1998. This legislation provides for the continuation of coverage for employees and eligible dependents of qualifying groups with 2–19 employees.

Under California law AB1401, Cal-COBRA provides continuation of coverage for groups of 2–19 eligible employees for at least 50% of the working days in the previous calendar year. Groups of one employee are not eligible for Cal-COBRA. An employee and/or his/her eligible dependents are eligible for continuation of coverage under Cal-COBRA for up to 36 months (if they were enrolled in Cal-COBRA on or after January 1, 2003), if coverage was terminated due to any of the qualifying events listed below:

- a. Death of the plan subscriber (continuation for dependents)
- b. Employee's termination of employment or reduction in hours
- c. Spouse's divorce or legal separation from the subscriber
- d. Loss of eligible dependent status of an enrolled child
- e. Subscriber becoming entitled to Medicare
- f. Loss of eligible status of enrolled family member Blue Cross is currently administering Cal-COBRA. However, brokers and agents are responsible for submitting Cal-COBRA questionnaires, applications and remittance checks with new business.

NOTE: Cal-COBRA rates are 110% of the group rate.

SECTION 4

GENERAL UNDERWRITING GUIDELINES — EXISTING BUSINESS

1. Sole Proprietors

Sole Proprietor in business less than three months:

- a. A California Business License or Fictitious Business Name Filing **and**
- b. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- c. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- d. Conditions of Enrollment for Start-Up Groups (Form #IS2416).

Sole Proprietor in business 3+ months:

- e. DE-6 **and**

If owner is not listed showing wages on the DE-6, the following will be required in addition to the above:

- f. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- g. Current Schedule C (If not available due to the length of time in business or due to having received an extension to file, a California Business License or Fictitious Business Name filing may be substituted.)

2. Corporations

Corporations in business less than three months:

- a. Articles of Incorporation (filed and stamped listing names of all officers) **and**
- b. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- c. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- d. Conditions of Enrollment for Start-Up Groups (Form #IS2416).

Corporations in business 3+ months:

- e. DE-6 **and**

If officers are not listed showing wages on the DE-6, the following will be required in addition to the above:

- f. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- g. Statement of Information and/or Statement by Domestic Stock Corporation **or**

- h. Articles of Incorporation (filed and stamped listing names of all officers).

Corporations established out of the state will also require a Certificate of Qualification or Statement by Foreign Corporation, in addition to the above documentation.

3. Partnerships

Partnership in business less than three months:

- a. Partnership Agreement and Federal Tax ID appointment letter may be required **and**
- b. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- c. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- d. Conditions of Enrollment for Start-Up Groups (Form # IS2416).

Partnership in business 3+ months:

- e. DE-6, **and**

If partners are not listed showing wages on the DE-6, the following will be required in addition to the above:

- f. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (form #ME8054) **and**
- g. Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Partnership Agreement and Federal Tax ID appointment letter may be substituted.)

4. Limited Partnership (LP)

Limited Partnership (LP) in business less than three months:

- a. Partnerships Agreement and Federal Tax ID appointment letter may be required **and**
- b. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- c. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- d. Conditions of Enrollment for Start-Up Groups (Form #IS2416).

Limited Partnership (LP) in business 3+ months:

- e. DE-6 **and**

If General Partners are not listed showing wages on the DE-6, the following will be required in addition to the above:

- f. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- g. Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Partnership Agreement and Federal Tax ID appointment letter may be substituted.)

Limited Partners of a Limited Partnership are ineligible unless they appear on the DE-6. Limited Partnerships established out-of-state will also require a Foreign Limited Partnership Application for Registration (form # LP-5) filed and stamped by the Secretary of State.

5. Limited Liability Partnership (LLP)

Limited Liability Partnership (LLP) in business less than three months:

- a. Partnerships Agreement and Federal Tax ID appointment letter may be required **and**
- b. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- c. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- d. Conditions of Enrollment for Start-Up Groups (Form #IS2416).

Limited Liability Partnership (LLP) in business 3+ months:

- e. DE-6 **and**

If partners are not listed showing wages on the DE-6, the following will be required in addition to the above:

- f. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- g. Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Partnership Agreement and Federal Tax ID appointment letter may be substituted.)

Limited Liability Partnerships established out-of-state will also require a Registered Limited Liability Partnership Certificate of Registration (Form #LLP-1) filed and stamped by the Secretary of State.

6. Limited Liability Company (LLC)

Limited Liability Company (LLC) in business less than three months:

- a. Articles of Organization with Operating Agreement **OR**
- b. Statement of Information **and**
- c. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- d. DE-6, if available, or payroll records for 30 days.

If the group has not been in business long enough to provide a DE-6 or 30 days payroll, the following will be required in addition to the above:

- e. Conditions of Enrollment for Start-Up Groups (Form #IS2416).

Limited Liability Company (LLC) in business 3+ months:

- f. DE-6 **and**

If managing members are not listed showing wages on the DE-6, the following will be required in addition to the above:

- g. Blue Cross Sole Proprietor, Partner or Corporate Officer Statement (Form #ME8054) **and**
- h. Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Statement of Information or Articles of Organization with Operating Agreement may be substituted.)

Limited Liability Companies established out-of-state will also require a Limited Liability Company Application of Registration (Form #LLC-5) filed and stamped by the Secretary of State.



SOLE PROPRIETOR, PARTNER OR CORPORATE OFFICER STATEMENT



Small Group requirements for proof of eligibility for owners/officers
when no DE-6 available or if not listed on DE-6

I attest that while I am not listed on the DE-6 wage report of this company, ALL of the following conditions are true:

1. I am a sole proprietor, partner or corporate officer of the company name indicated below; and
2. I am actively at work at this company; and
3. I draw wages, dividends or other distributions from this company on a regular basis, and do not derive substantial earned income from any other employment; and
4. I work a minimum of 20 hours per week for this company on a permanent and full-time basis; and
5. I have satisfied the designated waiting period before health insurance coverage is to become effective.

Name <i>(Please Print)</i>	
Title	Percentage of Ownership in Firm (if applicable) %
Company Name	

CHECK ONE OF THE FOLLOWING: SMALL GROUP REQUIREMENTS FOR PROOF OF ELIGIBILITY:
(Anyone enrolling must appear on the following documents)

SOLE PROPRIETOR

Current Schedule C (If not available due to the length of time in business or due to having received an extension to file, a California Business License or Fictitious Business Name filing may be substituted.)

PARTNER

Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Partnership Agreement and Federal Tax ID appointment letter may be substituted.)

The limited partners in a limited partnership are not eligible for coverage unless they are also employees appearing on the DE-6.

LIMITED LIABILITY COMPANY (LLC) MEMBER

Current Schedule K-1 (If not available due to the length of time in business or due to having received an extension to file, a Statement of Information or Articles of Organization with Operating Agreement may be substituted.)

CORPORATE OFFICER

Statement of Information and/or Statement by Domestic Stock Corporation or Articles of Incorporation (filed and stamped listing names of all officers)

Statement of Foreign Corporation (for out-of-state corporations)

I understand this information may be subject to audit and agree to provide Blue Cross of California, or its affiliates, with any and all information and documentation necessary to prove the above statements. I also understand that any misrepresentation by me of my true circumstances may result in rescission of group health coverage from Blue Cross of California, or its affiliates, Small Group Health Plan for myself, my enrolled dependents and/or this company as Blue Cross of California, or its affiliates, may choose. Blue Cross of California, or its affiliates, also expressly reserve any other rights and remedies.

Signature: **X** _____ Date: _____

Blue Cross of California (BCC) and BC Life & Health (BCL&H) Insurance Company are Independent Licensees of the Blue Cross Association (BCA). The Blue Cross name and symbol are registered service marks of the BCA. The Saver PPO, Basic PPO, Advantage PPO and Dental PPO/FFS Plans and Life/AD&D Insurance are offered by BCL&H. Other medical coverage and Dental Net are offered by BCC. Workers' Compensation coverage is provided through Fremont Employers and Affiliated Companies.

SECTION 4

GENERAL UNDERWRITING GUIDELINES — EXISTING BUSINESS

1. Open Enrollment

An employee and/or qualified dependent(s) who previously declined coverage may enroll at the group's anniversary date. Special enrollment periods may apply. See Section 5, *Special Enrollment periods*.

2. Contract Benefit Modifications

Group Level:

Depending upon the type of benefit modification requested, underwriting may be required. To determine if a requested change in coverage will require underwriting, refer to the *Benefit Modification Job Aid (page 17)*. The required documentation must be complete and accurate to process the request. The completed documentation, including all necessary Blue Cross forms, must be received by Blue Cross at least 30 days prior to the requested effective date. The effective date of the benefit change will be assigned by the Underwriting department, if the application for benefit modification is accepted. Please also refer to the *Benefit Modification Job Aid* to determine when each type of benefit modification may be requested and to determine what documents must accompany your request.

The following additional criteria apply to group level contract benefit modifications:

- a. Only one benefit modification will be allowed in a 12-month period.
- b. Increases in coverage and adding Medical or Life benefits are subject to Underwriting approval.
- c. Changes in products, portfolios or programs does not constitute a new rate and benefit guarantee period.
- d. Rate guarantee for dental, and/or vision coverage added to an existing medical policy will default to the medical rate guarantee after the initial rate guarantee is exhausted. No rate guarantee will be applied to life policies added to an existing medical policy.
- e. Completed paperwork from groups requesting a benefit modification must be received by the underwriter at least 30 days prior to the requested effective date. No retroactivity will be allowed.
- f. Future requests for changes in the Risk Adjustment Factor will be considered on the group's anniversary date only.
- g. Existing groups can only change their contribution approach once in a 12-month period subject to underwriting approval.
- h. Changes in anniversary date are not allowed.

- i. Blue Cross must be notified of changes in Ownership or Tax ID. These changes are subject to underwriting review.

See *Benefit Modification Job Aid* and *Employer Plan Change Guide* at the end of this section.

- j. A preliminary group review may be obtained from the Underwriting Department by submitting a completed Small Group Benefit Modification Inquiry (Form #IS2419). This form may be used for review of existing groups (with medical coverage already) requesting to upgrade to the EmployeeElect program. **This form is not to be used for Risk Adjustment Factor (RAF) reviews or adding medical coverage to existing dental/life groups.** The group will be examined to determine eligibility and likelihood of acceptance or denial of the benefit modification. **This is only a preliminary review. The final underwriting decision will be made when all required documents have been received and evaluated.**

Subscriber Level:

- k. Covered subscribers may move to a different product offered by their group at the anniversary month of the group's original effective date, or at the time a group level benefit change is approved by Blue Cross. A subscriber requesting a change in medical benefits must submit a Change of Coverage Application or standard 2–50 Small Group Employee Application, providing the employer is offering the plan requested.

SECTION 4

GENERAL UNDERWRITING GUIDELINES — EXISTING BUSINESS

3. Group Add Effective Dates

- a. Eligible employees may apply for coverage for themselves and their eligible dependents by submitting a completed employee enrollment application. Effective dates are determined as follows:
 - If Blue Cross receives the application prior to the completion of the employee's waiting period, effective date coincides with the eligibility date.
 - If Blue Cross receives the application after the eligibility date, but within 30 days of becoming eligible, the effective date becomes the first of the month following approval by Blue Cross.
 - If Blue Cross receives the application more than 30 days after the employee's eligibility date, the applicant is considered a late enrollee and may apply at the group's anniversary date, known as "Open Enrollment."
- b. Coverage declination, Section 2 (name and Social Security or ID number), and Section 4 of the employee's EmployeeElect application or Section 3 and 5 of the BeneFits employee application must be completed any time an employee and/or dependent becomes eligible, but does not enroll, or if the employee and/or dependent remains eligible, but is not retaining coverage
- c. Special enrollment periods are provided for newborns, adoptees, new spouses and wards of legal guardians. They may be added without a waiting period if they are enrolled within 30 days of becoming eligible. In addition, spouses who are eligible, but not enrolled, may also be added in the event of a birth or adoption. An employee who is eligible, but not enrolled, may enroll at the time of marriage, birth, adoption or placement for adoption, which are qualifying events.

4. Group Conversion

- a. When coverage under the employer plan is terminated, employees may apply to Blue Cross within 31 days after the date of termination for a Conversion Benefit Agreement. THE TERMS, BENEFITS AND SUBSCRIPTION CHARGES OF THE CONVERSION PLAN ARE DIFFERENT FROM THOSE OF THE EMPLOYER PLAN. Conversion membership is not available if:
 - The employee's coverage ends because the employer group plan terminated and is replaced within 60 days by another group plan.
 - The employee's coverage under the employer plan ends because the employee fails to pay the premium charge.
 - The employee is eligible for group health coverage when coverage under the employer plan ends.
 - The employee is eligible for Medicare coverage when coverage under the employer plan ends, whether or not the employee has actually enrolled in Medicare.
 - The employee is covered under an Individual health plan when coverage ends.
- b. Application for Blue Cross conversion coverage is available without a health statement, if there has been no lapse in coverage. The first quarterly premium, accompanied by a completed application, must be received by Blue Cross within 30 days of termination.

5. Benefit Modification Job Aid

BENEFIT MODIFICATION	WHEN ELIGIBLE	DOCUMENTS NECESSARY
<p>ADD MEDICAL BENEFITS Includes increasing number of plans offered under existing Blue Cross health coverage</p> <p>OR REQUEST A CHANGE IN MEDICAL BENEFITS THAT REQUIRES UNDERWRITING Refer to guide on following page; Where at least one plan offered under existing Blue Cross health coverage is changed (No rate benefit guarantee will apply)</p>	Six months after original effective date, once in a 12-month period	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Change of Coverage Application for those employees requesting to change 4. DE-6 reconciled (Subject to underwriting approval)
<p>REQUEST A CHANGE IN MEDICAL BENEFITS THAT DOES NOT REQUIRE UNDERWRITING Refer to guide on following page (No rate or benefit guarantee will apply)</p>	Six months after original effective date, once in a 12-month period	<ol style="list-style-type: none"> 1. Letter from group (In some circumstances, Change of Coverage Application may be required.)
<p>CHANGE IN CONTRIBUTION OPTION</p>	Six months after original effective date, once in a 12-month period	<ol style="list-style-type: none"> 1. Letter from group (Subject to underwriting approval)
<p>ADD PART-TIME EMPLOYEE ELIGIBILITY</p>	On anniversary date	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. DE-6 reconciled 4. 2–50 Existing Small Group Employee Addition Application requesting or declining coverage on ALL eligible part-time employees
<p>ADD LIFE INSURANCE OR INCREASE EXISTING COVERAGE Existing groups choosing to add life insurance or increase existing life insurance coverage are subject to full medical underwriting, regardless of group size. (No rate guarantee will apply)</p>	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. 2–50 small group employee application for all employees 4. DE-6 reconciled (Subject to underwriting approval)
<p>ADD DENTAL/CHANGE DENTAL PPO 2–50, Dental Net 2–50 Dental SelectHMO 2–50</p>	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Dental applications for all employees
<p>ADD VOLUNTARY DENTAL Group size 3–50 with medical coverage</p>	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group
<p>ADD BLUE VIEW VISION If group had previous Blue View coverage and wants to re-add vision they, can only be added at the anniversary date</p>	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Vision applications for all employees
<p>RISK ADJUSTMENT FACTOR CHANGE AB1672 Group size 2–4; 1.0 is best rate AB1672 Group size 5–9; .95 is best rate AB1672 Group size 10–50; .90 is best rate Note: No more than 10% reduction of rates will be given</p>	On anniversary date	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Change of Coverage Applications for all enrollees 4. DE-6 reconciled (Subject to underwriting approval)
<p>ADD DOMESTIC PARTNER ELIGIBILITY</p>	On anniversary date	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. 2–50 Existing Small Group Employee Addition Application requesting or declining coverage on all eligible Domestic Partners (Declaration of Domestic Partnership)
<p>ADD WORKERS' COMPENSATION</p>	On Anytime	<ol style="list-style-type: none"> 1. Contact Employers Compensation Insurance Company (800) 520-1683
<p>Change in Portfolio Programs ie. Employee Elect to BeneFits or EmployeeChoice (No rate or benefit guarantee will apply)</p>	Anniversary date only	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Employee Applications on all eligible employees 4. DE-6 reconciled 5. Prior Carrier Bill reconciled (Subject to underwriting approval)

For current Blue Cross applications and forms, see www.bluecrossca.com.

SECTION 4

GENERAL UNDERWRITING GUIDELINES — EXISTING BUSINESS

6. Employer Plan Change Guide (For EmployeeElect only)

MOVE TO:		Employer Plan Change Guide - EmployeeElect																
		Premier PPO		HMO				PPO Copay				Power HealthFund PPO		High Deductible Health Plans**			PPO	
		\$10 Copay	\$20 Copay	HMO 100%	Classic HMO	Saver HMO	Power Select HMO*	Advantage \$25 Copay	\$30 Copay	\$35 Copay GenRx	\$40 Copay	Power HealthFund 750	Power HealthFund 500	High Deductible EPO	PPO 2400 (HSA Compatible)	PPO 3500 (HSA Compatible)	Saver PPO	Basic PPO
MOVE FROM:																		
Premier PPO	\$10 Copay		N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	\$20 Copay	Y		Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
HMO	HMO 100%	Y	Y		N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Classic HMO	Y	Y	Y		N	N	N	N	N	N	N	N	N	N	N	N	N
	Saver HMO	Y	Y	Y	Y		N	N	N	N	Y	Y	N	N	N	N	N	N
	Power Select HMO*	Y	Y	Y	Y	Y		Y	Y	Y	N	Y	Y	Y	N	N	Y	N
PPO Copay	Advantage \$25 Copay	Y	Y	Y	Y	Y	N		N	N	Y	N	N	N	N	N	N	N
	\$30 Copay	Y	Y	Y	Y	Y	N	Y		N	N	Y	N	N	N	N	N	N
	\$35 Copay GenRx	Y	Y	Y	Y	Y	N	Y	Y		N	Y	Y	N	N	N	N	N
	\$40 Copay	Y	Y	Y	Y	Y	N	Y	Y	N		Y	N	N	N	N	N	N
Power HealthFund PPO	Power HealthFund 750	Y	Y	Y	N	N	N	Y	Y	N	N		N	N	N	N	N	N
	Power HealthFund 500	Y	Y	Y	N	N	N	Y	Y	N	N	Y		N	N	N	N	N
High Deductible Health Plans**	High Deductible EPO	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y		N	N	N	N
	PPO 2400 (HSA Compatible)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		N	N	N
	PPO 3500 (HSA Compatible)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		N	N
PPO	Saver PPO	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	N		N
	Basic PPO	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	

How to Use the Employer Plan Change Guide

1. Identify your current plan in the left vertical column.
2. Identify the plan you are interested in moving to along the top row. This plan would REPLACE your current plan.
3. Follow each line to their meeting point. If the box indicates a “Y,” the change will require underwriting approval. “N,” indicates that no underwriting approval is required, and the new plan will REPLACE your current plan.

Y = Yes, underwriting approval is required. *Underwriting is usually required when a request is made to move to a plan with greater coverage.*

N = No underwriting approval is required. *Usually, no underwriting is required when a request is made to move to a plan with lesser coverage.*

NOTE: When you move to a less expensive plan, you may also be moving to a plan with less coverage. For groups currently with only a single plan or designated plan options, underwriting approval is required if additional plans are added.

* Power Select HMO is not available in conjunction with any other HMO product(s).

This Employer Plan Change Guide does not pertain to BeneFits Portfolio or EmployeeChoice.

SECTION 5

DEFINITIONS

1. Declinations – The employee must complete sections 2 and 4 of the EmployeeElect employee application or section 3 and 5 of the BeneFits employee application if the employee and/or any of the employee's eligible family members are declining or refusing coverage. Declinations are required for any eligible employee or dependent opting not to enroll at the time of becoming eligible.

This information is required to assure compliance with federal and state legislation.

2. Dependents – A dependent is a person who is a lawful spouse, a registered domestic partner, or any unmarried natural, legally adopted child or stepchild of a subscriber or enrolled spouse or the child of an enrolled domestic partner to age 19, from age 19 to his/her 24th birthday and a full-time student and fully dependent upon the employee for support.

a. A new spouse or stepchild must complete an application and pre-existing limitations may apply.

b. A domestic partner must complete an application and pre-existing limitations may apply. To be an eligible domestic partner, one must have filed a Declaration of Domestic Partnership with the California Secretary of State pursuant to the California Family Code, or have been issued an equivalent document by a local agency of California, another state, or a local agency of another state under which the partnership was created and the domestic partnership has not terminated. Blue Cross gives employers the choice of whether or not to offer dependent coverage to opposite sex domestic partners under the age of 62, which is not required under AB 2208. These applicants must complete a notarized BC Affidavit of Domestic Partnership, Pre-existing limitations may apply.

c. A newborn child must be added to an existing policy within 30 days following the date of birth. No health questionnaire is required if enrolled within 30 days following the date of birth. Otherwise, the child will be considered a late enrollee. Late enrollees may be subject to a 12-month waiting period, and an effective date on the first of the month following receipt of the application.

d. An adopted child must be added within 30 days following the date of acceptance of legal responsibility or placement in the physical custody of the adopting parent. Copies of legal documentation must be submitted along with the enrollment.

e. Ward of legal guardian if added to an existing policy within 30 days following acquisition. An application must be filed within 30 days of issuance of the final court decree or order of legal guardianship. A "Letters of Guardianship" form from the court, showing the filing date and court seal, must also be filed with the application.

An eligible employee may be required to provide proof of parenthood and dependency of the child. Proof of parenthood must be provided by submitting the child's birth certificate.

3. Late Enrollee – An eligible employee or dependent who has declined enrollment in a health benefit plan offered by a small employer at the time of the initial enrollment period provided under the terms of the health benefit plan and who subsequently requests enrollment in a health plan of that small employer; provided that the initial enrollment period shall be a period of at least 30 days.

4. Special Enrollment Period-An eligible employee or dependent should not be considered a late enrollee if;

- a. The individual meets all of the following:
 - He or she was covered under another health benefit plan at the time the individual was eligible to enroll;
 - He or she certified at the time of the initial enrollment that coverage under another health benefit plan was the reason the declining enrollment provided that, if the individual was covered under another health benefit plan, the individual was given the opportunity to make the certification required by this subdivision and was notified that failure to do so could result treatment as a late enrollment;
 - He or she has lost or will lose coverage under another health benefit plan as a result of termination of employment of the individual or of a person through whom the individual was covered as a dependent, change in employment status of the individual or of a person through whom the individual was covered as a dependent, termination of the other plan's coverage, cessation of an employer's contribution toward an employee or dependent's coverage, death of the person through whom the individual was covered as a dependent, or divorce; or loss of Health Family Coverage and;
 - He or she requests enrollment within 30 days after termination of coverage or employer contribution toward coverage provided under another health benefit plan;
- b. A court has ordered that coverage be provided for spouse or minor child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order;
- c. The plan cannot produce a written statement from the employer stating that the individual or the person through whom the individual was eligible to be covered as a dependent, prior to declining coverage, was provided with, and signed acknowledgment of an explicit written notice in bold type face specifying that failure to elect coverage during the initial enrollment period permits the plan to impose, at the time of the individuals later decision to elect coverage, an exclusion from coverage for a period of 12 months as well as a six-month pre-existing

condition exclusion (pre-existing exclusion not applicable to HMO).

5. **New Hires** – Employees in groups who are hired after the group's effective date.
6. **Replacement Group/Members** – All eligible employees/dependents of an employer group who were covered as a group by a prior carrier.
7. **Virgin Group/Members** – All eligible employee/dependents of an employer group that have not, as a group, had prior group coverage within the 60 days prior to the effective date.
8. **Voluntary Dental Plans** – Blue Cross Small Group Voluntary Dental plans require no employer contribution (i.e., they can be 100% employee paid) and have lower participation requirements than typical group products. Blue Cross Small Group Voluntary plans are not offered as part of the standard employer-paid benefits package. Voluntary Dental plans cannot be combined with existing Small Group dental plans.

SECTION 6 FORMS

The forms included in this section are for reference only. Please note that forms are continuously updated to include regulatory, state and federal changes as well as changes made by Blue Cross, such as addition of new plans and contact information. Please ensure that the form you submit is the most current available. The most current forms may be ordered through Supply or can be printed directly from our Web site at www.bluecrossca.com.

The image shows two overlapping forms from Blue Cross of California. The top form is the 'Small Group New Business Inquiry' and the bottom form is the 'Small Group Benefit Modification Inquiry'. Both forms contain sections for 'Supervisor', 'Counties of the Writing Agent', 'General Agents', and 'Group Information'. They also include checkboxes for 'Plan Choice' and 'Medical Conditions'. The forms are partially obscured by each other, showing the top and bottom portions of both.



Small Group New Business Inquiry

All HMO Medical plans, Premier \$10/\$20 Copay plans and PPO \$30/\$40 Copay plans are offered by BCC. All other Medical, Term Life and AD&D products are offered by BCL&H.

www.bluecrossca.com



	Underwriting Unit: UW1	FAX No: 805-499-8623	Underwriting Unit: UW2	FAX No: 805-499-0302					
Supervisor	Susan Davis		Eddie White						
Counties of the Writing Agent	Imperial	Orange	San Bernardino	Alameda	Fresno	Marin	Placer	Santa Clara	Tehama
	Los Angeles	Riverside	San Diego	Alpine	Glenn	Mariposa	Plumas	Santa Cruz	Trinity
				Amador	Humboldt	Mendocino	Sacramento	Shasta	Tulare
				Butte	Inyo	Merced	San Benito	Sierra	Tuolumne
				Calaveras	Kern	Modoc	San Francisco	Siskiyou	Ventura
				Colusa	Kings	Mono	San Joaquin	Solano	Yolo
				Contra Costa	Lake	Monterey	San Luis Obispo	Sonoma	Yuba
				Del Norte	Lassen	Napa	San Mateo	Stanislaus	
				El Dorado	Madera	Nevada	Santa Barbara	Sutter	
	General Agents	BenefitMall.com CIMS	Dickerson Direct Sales	Acordia of California Beere & Purves	Cenco LISI	Price Associates Warner Pacific			

Group Information

(1099 employees are not eligible for coverage)

Group Name		Date Inquiry Submitted/Faxed		Requested Effective Date	
Takeover? <input type="checkbox"/> Yes <input type="checkbox"/> No		Group's ZIP Code (Mandatory)		Agent Name	
Agent ID No.		General Agent			
Total Full-time EMPLOYEES		Total Part-time Employees		Phone No. ()	
Total Enrolling		No. COBRA/Cal-COBRA Employees in Group		FAX No. ()	
No. Employees Declining Coverage		No. of Employees Out of State		Are all applicants covered by Workers' Comp? <input type="checkbox"/> Yes <input type="checkbox"/> No	
No. of Pregnancies in Group		Due dates: / / / /			
Plan Choice					
<input type="checkbox"/> All plans OR <input type="checkbox"/> Designate specific plan options (Check as many as apply)					
<input type="checkbox"/> Basic PPO		<input type="checkbox"/> Advantage PPO \$25 Copay		<input type="checkbox"/> Power HealthFund 750	
<input type="checkbox"/> Saver PPO		<input type="checkbox"/> Premier PPO \$20 Copay		<input type="checkbox"/> Classic HMO	
<input type="checkbox"/> PPO \$35 Copay w/GenRx		<input type="checkbox"/> Premier PPO \$10 Copay		<input type="checkbox"/> HMO 100%	
<input type="checkbox"/> PPO \$40 Copay		<input type="checkbox"/> PPO 3500 (HSA-Compatible)		<input type="checkbox"/> High Deductible EPO	
<input type="checkbox"/> PPO \$30 Copay		<input type="checkbox"/> PPO 2400 (HSA-Compatible)		<input type="checkbox"/> Power Select HMO	
				<input type="checkbox"/> Saver HMO	
				<input type="checkbox"/> BC Life Insurance	

Medical Conditions

Applicant Data				Dependent Data			
<input type="checkbox"/> Male <input type="checkbox"/> Female	Age	Height	Weight	<input type="checkbox"/> Male <input type="checkbox"/> Female	Age	Height	Weight
Specific Diagnosis and Date of Onset				Specific Diagnosis and Date of Onset			
Current Treatment and Prognosis				Current Treatment and Prognosis			
Medication / Dosages				Medication / Dosages			

General Concerns and Questions

Underwriting Response

<input type="checkbox"/> Potential for Approval Possible RAF: _____ <input type="checkbox"/> Decline	<input type="checkbox"/> Submit with Medical Records for:		
	Notes		
	Underwriter	Unit No.	Date

Decisions resulting from this inquiry are based solely upon the completeness and accuracy of the information provided and are subject to change based upon additional information provided or not disclosed. If you are submitting this case, please be sure to include a copy of this inquiry and our response with the completed and signed employee applications. This response does not guarantee your group will be approved. **Thank You!**



Exceptions to Standard Enrollment/Translator's Statement



Name of Applicant	Social Security or ID No.
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The applicant must complete the appropriate section below that applies to their enrollment.
 This form must be submitted with the Small Group Employer Application, and other required documents when applicable.

PART A – Small Group Employee Application over 60 days old

Purpose: To allow applicants to certify that the health status as submitted on the application has not changed since submission.

I, _____, certify that the submitted health status of myself and all listed dependents remains the same as shown on my application dated: ____/____/____.

If there have been any changes, please submit a new application.

Signature of Subscriber X	Date (Required)	Signature of Subscriber X	Date (Required)
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This does not apply to applications with signature dates older than six months. New applications will be required.

PART B – Statement of Accountability

(To be used when the Applicant cannot complete the application because of the reason(s) indicated below.)

I, (translator's name) _____, hereby warrant to Blue Cross that I completed the attached Blue Cross Small Group Employee Applications of the employees listed below because they did not speak enough English to complete the forms themselves. I further warrant to Blue Cross that I fully and clearly explained each item and question on the form to the employee before I entered the employee's response and that I am fluent in the language of the employee and qualified to explain the form and understand the employee's answers, and that he/she clearly and unambiguously told me that he/she understood each question and item.

I have also reviewed and explained this statement to each employee listed below, and I warrant that he/she has clearly and unambiguously told me that he/she understands both this translator's statement and that any misstatements or omissions may result in future claims being denied and/or the policy being rescinded.

Employees whose applications were completed by me:

Print Name	Title
Signature X	Date (Required)

EMPLOYER'S STATEMENT

The translator's statement above is correct to the best of my knowledge and belief. I understand that coverage may be rescinded should it be determined at a future date that there are misstatements in these application forms.

Signature (Company Officer) X	Title	Date
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IMPORTANT: The validity of this information is subject to the same conditions of application as those signed on ____/____/____ and will become part of the agreement between Blue Cross of California and/or BC Life & Health Insurance Company, and the above-listed member(s).

This addendum to your original application will be kept on file with Blue Cross.



BlueCross
of California



BC Life & Health
Insurance Company

The following are offered by Blue Cross of California (BCC): PPO \$40/\$30 Copay plans and Premier No Deductible PPO \$20/\$10 Copay plans; the High Deductible EPO Plan; Saver HMO, Classic HMO, HMO 100% and Power Select HMO plans; Dental Net® and Blue Cross Dental SelectHMOSM plans. The following are offered by BC Life & Health Insurance Company (BCL&H): Basic PPO, Saver PPO, Advantage PPO and PPO \$35 Copay GenRx plans; PPO Power HealthFund 100/750 plans; Blue Cross PPO and FFS Dental plans; Term Life and AD&D products. Worker's compensation coverage is provided through Employers Compensation Insurance Company.

BCC high deductible plans are not HSAs. The IRS has not yet issued HSA or high deductible health plan regulations or determined that Blue Cross of California high deductible plans are qualifying high deductible health plans. Consultation with a tax advisor is recommended.

BCC is a health care service plan regulated by the Department of Managed Health Care. BCL&H is an insurance company regulated by the California Department of Insurance. BCC and BCL&H are Independent Licensees of the Blue Cross Association (BCA). The Blue Cross name and symbol are registered service marks of the BCA.