



ODS Alaska Medical & Dental Group Underwriting Guidelines

(For 2-99 Employee Groups)

Minimum Size

Small Employer Groups (2-50): The Alaska headquartered employer must have two to 50 eligible employees with at least two “eligible employees” enrolled on the health plan on average during the last calendar year.

Mid-Sized Market groups (51-99): The Alaska headquartered employer must have 51 + eligible employees on average during the last calendar year.

Group Eligibility

- 1.2.1 To be eligible a group must be an organization having generally an employer-employee relationship and it must be a stable organization, with continuity of both the group itself and its present personnel. It must be duly licensed with a public place of business and established business hours. It must offer a product or service to the public or trade.
- 1.2.2 The group must have clearly defined ownership to form a legally binding contract.
- 1.2.3 The group must have no fewer than two employees (not necessarily eligible or enrolled) at all times:
 - a. If the group falls below two employees for 90 days prior to renewal, the group is not eligible to continue coverage.
 - b. A new employee who has not completed the new hire waiting period as of the effective date will not be counted in establishing the group’s size for coverage eligibility purposes.

Enrollment Materials:

All new case submissions should include:

1. An Employer Information Form signed by an empowered officer of the business and by an agent licensed to do business with ODS in the state in which the agreement was signed.
2. Completed and signed Employee Enrollment forms for each employee.
3. A signed Waiver for any employee waiving coverage on themselves or any of their dependents.
4. A check in the amount of the first month’s premium.
5. The most recent Quarterly Wage and Tax statement.
6. A copy of the most recent billing from the prior carrier.
7. A copy of the Certificate of Insurance from the prior carrier including the schedule of benefits.

Tax and Wage Statements:

The primary issue when evaluating group enrollment materials is verifying eligibility of the employer group and in making sure that participation requirements are being met. The following are the different types of businesses and the required most recent tax forms needed for each, to be included with submission of the applications:

- Sole Proprietor: Schedule C for the sole proprietor and a copy of the Quarterly Unemployment Tax form for all other employees.
- Partnerships: Form 1065 filed by the Partnership and a schedule K filed by each partner.
- Farm Owners: Schedule F and a copy of the Quarterly Unemployment Tax Form for all other employees.
- Churches: Form 941 with an attachment signed by an office listing all of the full time employees.
- S Corporations: Form 1120 S files by the Corporation and a Schedule K filed by each shareholder.
- Husband and Wife: Both named on a Quarterly Tax and Wage statement, or one named on a QT&W and the other on Schedule C, or both named on a Schedule C.
- All Others: Most recent Form 941 and a copy of the Quarterly Unemployment Tax form for any other employees.

A newly established business must be in operation long enough to have filed at least one of the appropriate forms shown above before they can be considered eligible for coverage.

Underwriting

Underwriting rating action will be based on group demographics, geographic area, industry and other information received on the Alaska Proposal Request Form (2-99) and Health Statement Forms (medical 2-50 groups only). No applicant in an eligible group can be declined for group coverage.

Enrollment Requirements

In the medical Small Group market (2-50), Health Statements are required for each enrollee at the time of enrollment for rating purposes, not insurability.

Timely Enrollment for New Business:

The Employee Enrollment Forms and Employer Application must be signed before the requested effective date. The enrollment forms and applications must be received at ODS within 15 days from the date of the Employer Application in order to receive new group materials before the effective date. The earliest effective dates will be the next 1st of the month following the date of approval.

Employee and Dependent Definitions

An eligible employee meets the following requirements:

- Regularly works at least 20 hours per week
- Is listed on the employer's regular payroll

- Is actively at work at the employer's regular place of business or other location to which employee is required to travel to perform the regular duties of employment
- Has met employer's applicable probationary period
- Resides or works in a an ODS approved service area
- Is not covered by a collective bargaining agreement
- Is covered by Workers' Compensation subject to verification, as required by law (24-hour coverage is available for owners; partners and executive officers when noted at the time of enrollment).

An eligible dependent meets the following requirements:

- An employee's lawful spouse, unless legally separated who is not an eligible employee, not on active duty in the armed forces and resides in an approved service area.
- An employee's child or the child of the employee's lawful spouse, including a legally adopted child or stepchild who is under age 26.
- Dependents cannot be insured unless the employee is also insured.
- Grandchildren are eligible if the parent is a covered child on the plan.
- U.S. citizens living outside the U.S. are not eligible if they reside in another country over six months of the year.

Contribution for Groups of Two - 99 Employees

- Employers are required to contribute 50 percent of the employee cost
- Employers are not required to contribute to the dependent cost.

Participation

Groups of Two - Nine Employees

- 100 percent of eligible employees are required to enroll. If the employer contributes 100 percent of the employee cost, 100 percent participation of eligible employees is required. Dependent participation is optional. If the employer contributes 100 percent of the dependent cost, 100 percent participation of eligible dependents is required.

Groups of 10 - 99 Employees

- A minimum of 75 percent of the eligible employees is required to enroll. If the employer contributes 100 percent of the employee cost, 100 percent participation of eligible employees is required.
- Dependent participation is optional. If the employer contributes 100 percent of the dependent cost, 100 percent participation of eligible dependents is required.

Eligible Participation Exclusions

- Employees with other verifiable medical coverage are considered eligible participant exclusions and do not count against the employee participation requirement.
- For all groups the minimum participation is 50 percent of all full-time employees including those with other coverage. If a group falls below the minimum participation requirements, they must bring the participation back up to the minimum within 90 days or coverage will be terminated.

Carve-outs: A carve out occurs when an employer defines a specific class or classes of full-time employees as eligible for group coverage thereby excluding other full-time employees.

Independent contractors: Are eligible for coverage in Alaska providing that they are in other respects considered an eligible employee. Since proof of employment status can not be confirmed through wage and tax forms, a signed statement from an officer of the firm must be provided indicating that they work the minimum required hours and how long they have been employed.

Multiple locations: The employer application must be signed where an officer of the Corporation is permanently located. If there are multiple locations, requirements will apply for the state in which the contract is signed. In general, the locations where the contract is signed should have the greatest number of employees. ODS can also accept a group in which some of the employees reside in a state that is not actively marketed by ODS providing the number of these employees is not greater than 20 percent of the group.

Pre-existing limitations and pre-ex credit: Define Creditable coverage and what it's not: i.e. Long-term care coverage, automobile coverage, Disability Income, Worker's Comp, etc. No break in coverage of more than 63 days....pre-ex credit defined. Pre-ex is 12 months for timely employees.

Waiting or probationary period: At enrollment, an employer must select a waiting or probationary period to be used for new hires: the available time periods are date of hire, or 30, 60, 90, 120, 150, 180, or up to 365 days from their employment start date.

Late enrollee: defined as an eligible employee who requests enrollment in a health benefit plan more than 30 days after completing their probationary period. Late enrollees will be added on a guaranteed issue basis however; their pre-existing period will be 18 months.

Timely enrollee: defined as new employees who complete, sign and submit their enrollment form within 30 days following completion of their waiting period.

Special enrollment periods: ODS must offer special enrollment periods as a result of HIPAA legislation to individuals who waived coverage initially because of other in-force coverage and who have lost it for reasons other than fraud or material misrepresentation or failure to pay premiums.

To obtain coverage as a special enrollee the individual must meet each of the following conditions:

- 1 The person was covered under a group health plan or had other health insurance at the time of application.
- 2 The reason for waiving coverage initially was that they had other coverage.
- 3 If the person was on COBRA, it is now exhausted and not cancelled for failure to pay premiums or for cause (fraud or material misrepresentation).
- 4 An employee marries or has a new child.
- 5 A new spouse wishes to enroll
- 6 A child becomes a dependent of a covered employee as a result of marriage, birth or adoption.
- 7 Grandchildren are eligible if the parent is a covered child dependent on the plan.

The new coverage must be requested within 30 days of the qualifying event.

Delinquent Account & Reinstatement Procedures: please refer the Delinquent Account and Reinstatement Procedures within the agent website.

Termination of coverage: coverage ends for an employee (and his/her dependents) at the end of the month in which the employee was terminated.

For more information, please visit www.odsalaska.com