

**Underwriting Guidelines for
Specialty Benefit Solutions (SBS) & Oxford Benefit
Management (OBM)**

July, 2009

Version 1.0

The following document is intended to summarize both the Underwriting & Installation Guidelines that Triveris should apply when underwriting and installing new business in the Specialty Benefit Solutions (SBS) and Oxford Benefit Management plans. Unless otherwise noted, the guidelines apply for both the voluntary and contributory SBS and OBM plans.

Underwriting Guidelines

1.1 Eligibility Requirements

- To be eligible for coverage under this plan, employees must actively work at least:
 - 30 hours per week. Certain states have a lesser requirement, as outlined in the State Specific UW Grid.2009.01.09
- Eligible dependents include spouse and any children from birth through age 19.
- Domestic partners are covered as an eligible dependent when the status is recognized by the state, as outlined in the State Specific UW Grid. 2009.01.09
- If the group has UnitedHealthcare medical coverage, the age of dependent requirement exceptions are:
 - For Florida, Delaware, Iowa, Maryland, Missouri, Tennessee, Virginia, Washington - Dependent coverage continues to age 25 years without student status, as outlined in the State Specific UW Grid. 2009.01.09
 - For all other states, children age 20 and older are eligible if they are dependent, full-time students under age 25, as outlined in the State Specific UW Grid. 2009.01.09
 - Student verification by Triveris will not be required; the employer is responsible for updating dependent status.

1.2 Effective Dates & Renewals

- Effective dates of coverage can only be the first of each month.
- Renewal dates will always be the first of the month.

1.3 Participation Requirements

Contributory Plans

- At least 75% of eligible employees (excluding valid waivers) must be enrolled, not to fall below 50% of all eligible employees.
- If the employer pays 100% of the premium, 100% of eligible employees must enroll, except those with valid waivers.
 - Valid waivers are defined as Spousal, Medicare, Champus, TRICARE and Other Group Coverage. Not valid waivers include: Individual Coverage and Medicaid.

Voluntary Plans

- A minimum of 2 enrolled employees.

Both Contributory and Voluntary Plans

- For orthodontia, an employer group must have a minimum of 10 enrolled employees. Orthodontia benefits are for dependent children only through the age of 19. Dependent, full time students over the age of 19 are not eligible.

1.4 Contribution Requirements

Contributory Plans

- An employer must contribute at least 50% of the employee only premium.

Voluntary Plans

- An employee must contribute at least 51% of the premium.

1.5 Excluded Industries

1. Private households are not eligible (SIC codes 8800, 8810, and 8811).

1.6 Waiting Periods for New and Takeover Plans

2. State-specific requirement – All states have a standard 12 month waiting period for major and orthodontic dental services with the exception of New York.
 - New York has a 6 month waiting period for these services.
3. Contributory Plans: The standard waiting period for major and orthodontia coverage may be waived in prior coverage situations (see below) and if the employer chooses to pay additional premium. The buy up option of “Waive Waiting Period” continues for the life of the policy and the employer does not have the option to drop this after the first year.
4. Voluntary Plans: Waiting periods are mandatory and may not be waived by paying additional premium. If the group shows they had prior coverage, then the initial enrollees would have the waiting period waived but any new hires or late enrollees would be subject to the waiting period.

Takeover dental benefits from a prior carrier

5. The waiting period limitations will be waived if an insured was continuously covered under the group’s prior insured dental plan for the same services within the same period of time as above. For example, if a group had 12 months* of prior coverage that included major and orthodontic services, the waiting period for all employees at the initial effective date of the group will be waived. Any new hires or late entrants would be subject to the waiting periods above. (*New York requires a 6 month waiting period)
6. Employees enrolled under the prior dental carrier’s plan will receive deductible credit toward the new plan’s deductible. Benefits paid from the prior carrier will be deducted from the maximum during the first plan year.

1.7 Late Entrants

- A late entrant is any person who becomes insured more than 31 days after he or she is eligible or becomes insured again after his or her insurance ended due to non-payment of premium.
- For dental coverage, once a late entrant becomes insured, the plan will pay for covered preventive and basic services immediately; however, the plan will pay for covered major and orthodontic services after completion of the waiting period. These waiting periods will be waived if eligible employees or dependents that initially waived coverage because they had coverage elsewhere now enroll because that coverage has terminated.

- Any eligible employee can be added at open enrollment without being considered a late entrant.
- Information on eligibility of members from broker and/or employer group will be sufficient to assume eligible status.
- Tax documentation is not required for “New Hires” added.

1.8 UnitedHealthcare Required Tax Documentation

A Wage and Tax Statement or Payroll information (in lieu of Wage and Tax Statement) is not required if the group is covered by a United Healthcare or Oxford medical plan. A current prior carrier bill will be acceptable to proceed with installation in lieu of Wage & Tax or Payroll for OBM and SBS. If the group chooses to use Wage/Tax documentation, the following is required if the group does not have UnitedHealthcare or Oxford medical coverage.

Acceptable Documentation	Unacceptable Documentation
<ul style="list-style-type: none"> • ADP, Paychex payroll ledger, or a payroll from a third party administrator or payroll service is acceptable. The following guidelines must be met: <ul style="list-style-type: none"> ▪ Includes a total balance of wages and withholdings ▪ Must be current pay period dates ▪ Lists the company name ▪ List all the employees on the same document (separate sheets will not be accepted) ▪ Include a payroll • Excel payroll showing total balance of wages • Quicken or Quick Books Payroll ledger showing withholdings • Company payroll showing withholdings 	<ul style="list-style-type: none"> • W-2, W-3, W-4, W-9 Forms • Check Stubs • Letter from employer or CPA • Application for Employer Identification Number (SS4 Form) • Individual Income Tax Returns • Stock Holder minutes • Stock Certificates • Documentation stating the enrollee is a Board of Director (Board of Directors are not considered eligible) • Estimated Payroll • Hand written payroll
<p>Please Note: If less than 50% of the total eligible employees appear on the Wage and Tax statement, a current payroll will be required.</p>	

Tax documentation is not required for new hires.

Proof of Ownership is required for groups of size 2-5 employees. For groups with 6 or more employees proof of ownership is not required.

In addition, only those groups consisting of **all owners or partners** will require Proof of Ownership for all owners/offices/partners enrolling as outlined in the chart below:

Type of Entity	In Business Less Than 1 Year	In Business More Than 1 Year
S-Corps	Articles of Incorporation, filed with the state listing all enrolling officers' names	IRS Schedule K-1(Form 1120S) for all enrolling Owners/Partners
C-Corps	Articles of Incorporation, filed with the state listing all enrolling officers' names	IRS Form 1120 (pages 1 & 2) which includes "Schedule E"
Partnership/LLP	Partnership Agreement signed by all partners	IRS Schedule K-1 (Form 1065) for all enrolling partners or Partnership Agreement signed by all partners
LLC	LLC Agreement signed by all managers/members/owners	A LLC Agreement signed by all managers/members/owners for the owners who are applying for coverage on groups of 2-5 eligible employees or copies of appropriate tax returns (follow the guidelines for an S-Corp, Partnership or Sole Proprietorship based on how the LLC was formed)
Sole Proprietorship	Business License	IRS Schedule C – Not available with OBM or SBS.
Farms	IRS Schedule F	IRS Schedule F
Independent Contractor		<p>1099 Form – For UnitedHealth Group to cover a 1099 employee, the employer must complete a 1099 form. Employers may select to offer coverage to their independent contractor (1099 employees), if the following conditions are met.</p> <ul style="list-style-type: none"> • The maximum number of 1099 contractors may not exceed 25% of the total number of enrolled subscribers. • The business has a minimum of two regular, taxed employees who are applying (Note: Florida is an exception to this rule. 1099 employees will be covered as long as there is 1 regular employee enrolled. Use the FL 1099 form for these groups) • The Independent Contractor paid by 1099 must work for the company on a full time, year round basis. • The 1099 contractor must work a minimum of 30 hours per week.

		<ul style="list-style-type: none"> • The employer agrees to contribute the same amount of money toward the premium as regular taxed employees. • The employer agrees to require the same waiting period for Independent Contractors as regular taxed employees.
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Reconciling A Payroll Document:

1. Verify all full-time employees have submitted an application.
2. Note the status for part-time, seasonal or terminated employees.
 - o If a part time or seasonal employee is making more money than a full-time employee, this is a red flag that should be verified with the Health Plan.
3. Verify date of payroll to ensure current information has been submitted.
4. Verify pages submitted to ensure pages of the payroll have not been omitted.
5. Verify the group name to ensure it is the correct company.

Reconciling a Wage and Tax Statement:

1. Place an “A” next to the name (or high-light the name) of each employee that completed an application.
2. Place a W next to the name of each employee that completed a waiver.
3. Verify the remaining employees have a note (part-time, termed, seasonal, etc.) by them stating their status.
 - If they do not, you will need to request status.
 - In certain circumstances, some employers will white out or cover up any salary information. If this happens, the employer must indicate the number of hours worked next to each employee.
4. Verify the group’s tax id number, company name, and ensure that this is the most recent quarter.
5. Check the date of hire (DOH) for any employees not listed on the Wage and Tax Statement.
 - If the DOH is after the timeframe of the quarterly statement, further documentation is not required.

Reconciling a K-1 Form:

1. Verify the employer’s name, tax ID number, and that this was filed for the most current year. There can be more than one K-1 filed per group.

Reconciling a Schedule C:

1. Verify the Schedule C lists the employer’s name, tax id number, and that this has been filed for the most current year. Sole Proprietors may use their social security number in lieu of a tax id number.

Reconciling a Schedule F:

1. Verify the Schedule F lists the employer’s name, tax id, and that this has been filed for the most current year.

NOTES:

1. UnitedHealthcare reserves the right to request additional documentation when discrepancies arise.
2. For corporations, eligible titles include President, Vice President, Secretary and Treasurer.