

SHARP Health Plan

Small Group (1-100 employees)

Underwriting guidelines

Effective October 1, 2021



Eligibility

Small group eligibility

To be considered for a small group plan through Sharp Health Plan, an employer must meet the following criteria:

- Business licensure and/or appropriate state filings allowing company to conduct business in California.
- A recent DE-9C is required in the following cases:
 - Groups with fewer than five subscribers.
 - All groups with individuals covered by a co-employment agreement with a PEO.

If owners are not on DE-9C, a submission of pertinent legal documentation may be requested. Documentation is subject to underwriting review. Additional information may be required.

- For separate companies with common ownership, groups must have only one DE-9C or provide proof of eligibility to file taxes jointly. Additional documentation may be required.
- Ineligible Categories: Associations, multiple employer trusts, union trusts, Taft-Hartley plans, hour bank groups, and private households are ineligible for coverage.
- Startup businesses must be active and if a DE-9C is unavailable due to length of time in business, payroll records from a payroll record service will be required. Additional documentation may be required.

Employee eligibility

- Employee/employer relationship must exist. Employer must provide all documents required to establish such relationship. A group's eligible employees cannot be only owners and their spouses.
- All groups with less than five subscribers must submit a stamped and filed Statement of Information (SOI) or a complete current tax filing.
- Employees must work a minimum average of 30 hours. Group can opt to cover part-time employees working 20-29 hours a week as defined under California Health & Safety Code Section 1357 (SB 1790) and Section 1357.500.

Employee eligibility, continued

- The employer shall determine the waiting period for new hires, rehires and other eligible employees, which shall not exceed the waiting period permitted by applicable state or federal law.
- 1099 employee must appear on the prior carrier's bill. No more than 25% of the group may be 1099 employees. Form 1040 Schedule C and Form 1099-MISC for the prior year is required. A letter from the employer requesting coverage of 1099 employees is required. A completed 1099 Contractors Verification Form is required.
- Ineligible employees: Retirees, part time (unless employee meets the definition of eligible employee under California Health & Safety Code Section 1357 [SB 1790] and Section 1357.500), domestic help or leased employees.



Guidelines

Service area

- Employees must live or work within the Sharp Health Plan Service Area and provide a physical address upon enrollment. *Please refer to *Sharp Health Plan's Licensed Service Area ZIP Code* document to verify network eligibility.
- Choice and Value Networks: Most ZIP codes in San Diego and southern Riverside counties.
- Performance and Premier Networks: Most ZIP codes in San Diego County.
- Southern Riverside groups must take the Choice Network and always have the option of also taking the Value Network.

Underwriting guidelines

Contribution

Employer must contribute a minimum of 50% of the employee-only premium. Defined contribution is allowed at a minimum of \$100 per employee. For groups that don't meet this criteria, see the Limited Open Enrollment Period section.

Participation

An HMO:

- 1-4 subscribers enrolled: Minimum of 60% participation, excluding any valid waivers.
- 5+ subscribers enrolled: Minimum of 25% participation, excluding any valid waivers.
 - Valid waivers include spousal, Medicare, Medi-Cal, military, other employer-sponsored, and cross-border coverages.
 - Individual (on-exchange or off-exchange) and COBRA coverage are not valid waivers.

For groups that don't meet this criteria, see the Limited Open Enrollment Period section.

Plans and rates

- Multiple plan options are available:
 - 1-5 subscribers enrolled: Two plans on one network.
 - 6+ subscribers enrolled: Six plans on each of two networks maximum.
- Wrapping with another carrier is available with a minimum of five enrolled subscribers. Multiple HMO plans are allowed. Wrapping alongside a private or public exchange is prohibited.
- Risk adjustment factor is applicable to grandfathered groups only.
 - 2-5 subscribers: 1.10
 - 6+ subscribers: 0.90-1.10
 - Special rules may apply if a RAF promotion is offered.
- Composite rates are not available.

Other guidelines

- Class carve-outs must be underwritten by plan and accepted upon review. Requires minimum of five subscribers enrolled and 100% participation.
- Spouse on DE-9C can be enrolled either as an employee or as a dependent. Husband/wife-only groups are not eligible for group coverage.
- Dependent coverage up to age 26.
- Domestic partner coverage is available.
- Late enrollees, as defined under California Health & Safety Code Section 1357(d) and Section 1357.500(f), may only enroll during open enrollment.
- Workers' compensation is required for all eligible employees as required by law.
- Applications must be signed within 60 days of requested effective date.

Professional Employer Organizations (PEOs)

Subject to the conditions below, Sharp Health Plan may agree to treat individuals covered by a co-employment agreement with a PEO (referred to hereafter as "co-employed individuals") as eligible employees of a California group for purposes of issuing a contract and enrollment:

- California group must satisfy the small group size requirement (1-100 eligible employees).
- To be considered eligible employees, co-employed individuals may only be enrolled in the group health plan offered by the group, not the group health plan offered by the PEO. The small employer may not allow co-employees to choose between its coverage or the PEO's coverage.
- The group must employ the co-employed individuals on a full-time basis.
- The group must meet Sharp Health Plan's small group underwriting guidelines.

Professional Employer Organizations (PEOs), continued

- The group's enrollees may be listed on either the group's DE-9C or the PEO's. If the group enrolls co-employees reported on the PEO's DE-9C, the group must provide the following documents in addition to standard required documents:
 - A copy of the group's PEO payroll sub-group or invoices for the last three months, showing PEO and sub-group name and co-employed individuals.

OR

- A copy of the group's PEO payroll sub-group and invoices for two weeks for startup groups, showing PEO and sub-group name and co-employed individuals.
- The group may not offer its co-employed individuals both its small group coverage and coverage through the PEO. However, the group may offer Sharp Health Plan small group coverage alongside small group coverage offered by another issuer that isn't available through the PEO.

For groups breaking away from a PEO to be newly considered for a small group plan through Sharp Health Plan, please provide the group's payroll or the PEO's payroll. The group also must meet all other Sharp Health Plan small group underwriting guidelines.

For groups breaking away from a PEO that are currently covered through Sharp Health Plan, no additional documentation will be required.

Limited open enrollment period

- Groups that fail to meet Sharp Health Plan's minimum participation or contribution requirements (as noted in the Participation and Contribution sections of this document), but that satisfy the remaining eligibility criteria, will be permitted to elect coverage during a limited open enrollment period from November 15 through December 15 of each year for a January 1 effective date. Wrapping with another carrier is not permitted.

Small Group POS Underwriting Guidelines

Small Group (Less than 101 Full-Time Equivalent Employees)

Product availability: POS is only available for in-area & out-of-area subscribers meeting the requirements below.

General	HMO-POS wrap is available with any SHP network.
Minimum participation	10/15% Rule: The group must have at least 10 active enrolled subscribers and at most 15% POS participation (in-area & out-of-area) with up-rounding allowed. For example, a group of 10 subscribers is allowed up to 2 POS subscribers ($10 \times 15\% = 1.5$, so 2 POS subscribers are allowed due to up-rounding).
Minimum contribution	The dollar amount of the POS contribution must be at least as large as the dollar amount of the HMO contribution.
Waiting periods	Waiting periods must be the same for HMO & POS enrollees. Exceptions are allowed for different classes of employees (e.g. staff has a 90 day waiting period, but management must only wait until the first day of the month following the hire date).
Composite rating	Composite rating is not permitted.
Dual options	Groups can have only one POS plan.
Carve-outs	Groups must meet 100% overall participation and all other Underwriting Guidelines to be eligible for a carve-out.
Deductible Credits for POS/HSA	For a subscriber enrolled as of the initial effective date in a SHP/POS/HSA, Sharp Health Plan will credit the amount of the deductible satisfied for medical expenses under the benefit plan of the group's prior carrier in the same calendar year. The prior carrier information must be provided. (HSA Medical & Rx deductibles amounts will apply).
Wrapping with another carrier	Wrapping with another carrier is not permitted.
Coverage of 1099-employees	1099-employee coverage is permitted if all criteria is met.
Maximum COBRA participation	No more than 10% of eligible subscribers may be enrolled in COBRA.
Initial premium payment	The initial premium should be in the amount of the first month's premium. The payment can be submitted via the ACH payment form or by company check and can be submitted together with the HMO payment.
New case submission timeframe	SHP must receive completed new group submission paperwork by the third business day of the coverage month for a first-of-the-month effective date. If forms received by Underwriting are incomplete, the submission will be returned to the SHP Sales Department to obtain all required documents. All necessary information for making a determination must be received by Underwriting within five days of requesting the information, but no later than the 10 th calendar day of the month. If the information is not received within that time, coverage will be withdrawn for the month requested or else the effective date will be rolled to the following month.
Final enrollment changes or effective date change	Rates are subject to change.