

Underwriting Guidelines

	Aetna 2-50	Blue Cross 2-50	Community Health Group 2-50	Health Net 2-50
Participation	2-3: 100% of eligible; 4-50: 75% of eligible; No dep part required Pick-a-plan requires 4 lives enrolled	75% of eligible EE's BeneFits requires 60% of eligible EE's EmployeeChoice – 75% eligible EE's (14)	2-10: 100% 11-50: 75% 2-5 not eligible for the Premier plans	75% of eligible EE's, 75% of eligible w/a min. of 6 enrolled for Enhanced Choice plans. Unless ER is contr. 100% for EE premium then 100% of eligible must enroll.
Contribution	Single Plan: 50% of EE premium Dual option or pick-a-plan - 50% of EE premium or Defined Options: \$80/EE or the actual cost of the plan picked, whichever is less.	See footnote (7) for options	50% of EE Premium	50% of EE premium for the lowest cost plan that the ER offers. Enhanced Choice:- requires a min. of \$100 or 50% of EE-prem. for the lowest cost plan the ER offers, excluding Salud
Medical Questions	2-10: Long Form 11+: Short Form See footnote (5)	2-10: Long form 11:24: Short form 25-50: See footnote (1)	None	2-5: Not required; unless group is eligible for industry discount 6-9: Long form 10-50: ER Questionnaire – any yes answers the EE must complete the individual health statement Carve Out or Non-GI Coverage: Long Form
Minimum RAF	2-4: 1.10 5-15: .90 16-50: .90 See footnote (5) MUST BE AB1672 COBRA's are not included in the count	See footnote (1) COBRA's are not included in the count	2-5: 1.10 6-15: 1.00-1.05 6-50: .90-1.00 6-50 lives choosing a Premier plan: 1.00-1.10 COBRA's are not included in the count	2-5: 1.10 6-9: .90 10+: .90 (11) COBRA's are not included in the count
Maximum RAF	2-15: 1.10 16-50: 1.00 See footnote (5) MUST BE AB1672 COBRA's are not included in the count	2-14: 1.10; 15-50: 1.00 COBRA's are not included in the count	2-50: 1.10 COBRA's are not included in the count	2-50: 1.10 COBRA's are not included in the count
Carve-Outs (Total group size under 50 lives)	Branch/Location, Mgmt/ Non-Mgmt, Salary/Non-Salary, Union/Non-Union; Req. 5+ lives. (Not Guarantee Issue unless standard participation requirement is met). Plans not available as a carve out are MC \$0 90/70, MC \$250 80/60, PPO \$250 90/70, PPO \$500 80/60, Indemnity plans and out of state plans.	Mgmt/Non, Salary/hourly, Union/Non-union. Requires a min. 8+ lives enrolling (Not Guarantee Issue)	Not available	Mgmt/Non-Mgmt, Union/Non-Union, Hourly/Salary, Location (Not Guaranteed Issue) See (4)(8)
Rate Guarantee	12 months: Medical	12 months	12 months	12 months
Effective Dates	1 st /15 th (their cycle will remain the 15 th)	1 st /15 th (their cycle will change to 1 st month)	1 st only	1 st /15 th (15 th only if currently written this way) 6 weeks of payroll required
Waiting Periods	1st or 15th day of billing cycle following 0, 30, 60, 90,120 or 180 days (based on groups original effective date (6))	1 st month following DOH 1, 2, 3, 4, 5, or 6 (6)	1 st of month following 0-12 months	1 st of month following DOH-6 months (6)
Composite Rating	Age rated only	Age rated only	2-19 Age only 20-50 Age or composite	10-50: Eligible with a minimum of 10 enrolled on any given plan. Not available for PPO, Flex, or Enhanced Choice.

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	Kaiser 2-50	Pac Advantage 2-50	PacifiCare 2-50	Sharp 2-50
Participation	1 subscriber(3 for the Offering Option) enrolling with 70% of eligible EE's on a group plan	2-3: 100% 4-50: 70% of eligible, or 100% if ER contributes 100%.	2-15 enrolling: 75%; 16-50 enrolling: 60% Choice Option - 75% with a min. of 10 enrolled.	70% of eligible EE's
Contribution	50% of the EE only under 30 age-band rate/0% for dependent Offering Option – 50% of the employee lowest selected benefit plans lowest single under 30 rate	Pooled: 50% of lowest cost plan; No dep. rqmnt. Paired Choice: \$100 or 100% of EE selected premium if actual cost is less than \$100	50% of average EE premium/0% dependent	50% of EE premium
Medical Questions	None	2-14: EE Health Questionnaire 15-50: ER Questionnaire	2-9: Health Statement; 10-15: Either Health statement or ER Questionnaire w/individual health statement for EE with an illness or condition 16-50: ER questionnaire w/individual health statement for EE with an illness or condition	N/A unless requesting a carve out
Minimum RAF	5 or less: 1.10 6-50: .90 based on number of EE's enrolling (12) COBRA's are not included in the count	5 or less: 1.10; 6-50: .90, based on number of EE's enrolling (2) COBRA's are not included in the count	See footnote (10) COBRA's are not included in the count	2-5: 1.10 6-14: 1.0 15-24: .95 25-50: .90 COBRA's are not included in the count
Maximum RAF	5 or less: 1.10 6-50: .90 based on number of EE's enrolling (12) COBRA's are not included in the count	2-50: 1.10 (2) COBRA's are not included in the count	2-50: 1.10 COBRA's are not included in the count	2-50: 1.10 COBRA's are not included in the count
Carve-Outs (Total group size under 50 lives)	Hourly/Salary, Mgmt/Non Carve outs are considered GI. Normal participation guidelines apply	Non-Union carve out – requires a minimum of 10 enrolled lives (Not Guarantee Issue) In State carve out (13)	Non-Union only	Yes – underwriting decision (Not Guarantee Issue)
Rate Guarantee	12 months	Pooled: 12 months; Paired Choice: 12 months	12 months	12 months
Effective Dates	1 st only	1 st only	1 st only	1 st only
Waiting Periods	1 st month following DOH, 30, 60, 90, 180 or 365 days (6)	1 st of month following DOH -12 months (9)	1 st month following DOH-6 months (6)	1 st month following DOH-12 months (6)
Composite Rating	No, only age rated	Age Rated only	2-15: No 16-50 enrolling: Age or composite; Not available if offering Choice Options Plans	2-14: No 15-50: Age or composite

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- (1) 2-4 1.0; 5-9: .95; 10-24: .90; 15-50: medically enrolling employees have the option of either answering health questions and qualifying for .90 - 1.0 OR not answering health questions and being rated an automatic 1.0 (**offer available to new AB1672 groups with October 1, 2003 – December 15, 2005 effective date**). All new groups enrolling with medical coverage and who are also writing Blue Cross life insurance of \$25,000 or more will receive a 1-point decrease in their medical RAF. New and existing small groups that purchase dental and \$25,000 or more of life coverage at the same time will receive a 6% savings off of the dental and life premiums. .90 is still the lowest RAF available (**offer available for groups written effective April 1, 2004-December 15, 2005**).
- (2) RAF Program (**available to New to PacAdvantage groups effective July 1, 2005 through September 1, 2005**) Groups of 16+ enrolled employees receive an automatic 1.0 RAF, no medical underwriting. **Qualifications:** (1) RAF discounts only apply for groups who have an existing renewal date from 7/1/05-9/1/05 (2) COBRA and Cal-COBRA enrollees are not considered in enrolled employee count (3) The RAF program is not available for currently participating PacAdvantage carriers. However, renewal RAF's will be honored from these carriers (4) Applies to groups whose renewal RAF is less than 1.10 (5) .90 is still the lowest available RAF (6) Not available to currently uninsured groups. **Submission guidelines** – (1) Proof of renewal RAF from current carrier must be presented with application.
- (3) 2-4 enrolled: 1.10, 5-9 enrolled: .90, 10-15 enrolled: Can choose to answer individual health statements and qualify for a possible .90 or the employer can complete the medical questionnaire.
- (4) Guarantee issue if the other employees are offered other group coverage and the total group size is less than 51 lives.
- (5) **RAF guideline promotion (available to new groups enrolling between 7/1/05-9/15/05)** – 16+ enrolling employees receive an automatic 1.00 RAF. No individual health statements required. 16+ enrolling employees may apply for a lower RAF by completing the individual medical questions. **Qualifications** – (1) Must be an AB1672 case (2) must have a current or renewing RAF with an existing carrier of lower than 1.10 (3) groups that have been withdrawn from Aetna over the past 12 months are not eligible (4) COBRA/Cal-COBRA enrollees do NOT count towards the enrolled employee counts (5) groups with no prior coverage are not eligible (6) Groups currently enrolled in PacAdvantage or CalChoice do not qualify. **Submission guidelines** – Group must provide a copy of their current RAF, or if in their renewal period, they must provide their renewal RAF, whichever is most recent as of the effective date of the Aetna policy.
- (6) Carrier will allow up to 2 different waiting periods to be chosen by employer based on employees employment class/title.
- (7) **Fixed Dollar Option** – Employer contributes amount of \$100 or more per employee per month. 75% employee participation required.
Percentage & Plan Option – Employer contributes amount of 50% - 100% toward a specific plan chosen by the employer. 75% employee participation required.
Traditional Contribution – Employer contributes amount of 50% or more per employee per month (Note: EE only. dependents can be 0% - 100%). 75% employee participation required.
- (8) Will only write a location carve out under 2 circumstances – (1) Group is all located in California but there is a block of insureds where the other insurance company they offer does not have a network. The rules under footnote (6) above would apply here. (2) Group has employees in California as well as out of California. They are only covering California employees. The rules under footnote (6) above would apply here as well as (a) to even look at the group they must have at least 50% of the total group in California. If writing the non-union population it will be considered a carve out if the owner can demonstrate the union ee's are provided coverage under a union sponsored plan and the owner makes no contributions towards said plan. If the non-union population is below 50 lives the group will be guarantee issue.
- (9) Carrier will allow up to 3 different waiting periods to be chosen by employer based on employees employment class/title.

- (10) 2-4 enrolled 1.00, 5-9 enrolled .90, 10-15 enrolling can choose to answer individual health statements and qualify for a possible .90 or the employer can complete the medical questionnaire and qualify for a possible 1.00, 16-50 enrolled .90 **PacifiCare 2005 RAF guarantee program (available to new groups written with 5/1/05-12/1/05 effective dates)** 5-15 enrolling employees are guaranteed a .95 or may qualify for a guaranteed RAF of .90 if they complete the individual health statements; 16+ enrolling employees are guaranteed a .90. **Qualifications** – (1) Groups must have a renewal date of 5/1/05 - 12/1/05 with their existing carrier (2) group has 5-50 enrolling employees (3) COBRA/Cal-COBRA members do NOT count towards eligibility (4) group must have a renewal RAF with their current carrier of 1.05 or lower (5) group must be a new AB1672 case (6) PacAdvantage, Cal Choice, Pacific Life & Association groups are not eligible (7) Groups qualifying for the RAF program will receive no better than a RAF of .90. **Submission requirements** – (1) All standard underwriting paperwork is required (2) current carrier's renewal offer reflecting renewal RAF and renewal date showing between 5/1/05 and 12/1/05.
- (11) New groups of 15+ enrolled employees are guaranteed a 1.0 RAF **(available to groups written with effective dates of March 1, 2005-July 15, 2005)** Qualifications – (1) New groups with a minimum of 15 subscribers effective in the groups first month (2) current PacAdvantage, CalChoice, groups enrolled with HealthNet under an association affiliation and Non-GI groups are not eligible (3) groups with SIC codes of 8000-8199, 9100-9199 are not eligible (4) SIC loads and discounts do not apply to groups accepting the 1.0 guaranteed RAF (5) for groups applying for a lower RAF, standard U/W guidelines will apply.
- (12) For purchaser who is re-applying for coverage after terminating their coverage through a specific channel (PacAdvantage, CalChoice, an Association) with a lapse in coverage less than 30 days would follow these guidelines:
Groups coming from PacAdvantage will receive their existing PacAdvantage RAF (rounded to match Kaiser's RAF structure)
Groups coming from CalChoice will receive a 1.10 RAF for groups with 5 employees and under; 1.0 RAF for groups with 6 or more employees
For any group size if 75% or more of the employees are new to Kaiser the new business RAF's apply. For any group with a lapse of more than 30 days the new business RAF's apply.
- (13) As long as 51% of the employees are employed in California, and the employer offers other coverage for employees outside of California, they can write the California employees only. California employees must meet normal participation guidelines and will be guarantee issue provided total group size is less than 51 lives.
- (14) Groups of 5-50 eligible employees may offer any or all of the following 5 plans (Premier \$20 copay, PPO \$30 copay, PPO \$35 GenRX, PPO 2400(HSA compatible) and Saver HMO) alongside one other carriers one HMO plan. Those waiving for the other carriers HMO plan will be considered eligible waivers. Participation is 75% of eligible.

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