



Colorado Underwriting Guideline

Small Group Services
1-50 Employees
Effective June 1, 2008

BCOHB3397A (6/08)

Anthem. 

Important Contact Information

Small Group Underwriting for Colorado

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Website: anthem.com

To view, download and print these underwriting guidelines and other forms and documents, go to anthem.com. Click the **Brokers/Producers** tab, select Colorado from the drop-down menu, click **Enter** and then click **Download Commonly Requested Forms**.

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Introduction

The guidelines in this manual are a statement of Anthem Blue Cross and Blue Shield's current **general** underwriting approach to Small Group business.

Anthem Blue Cross and Blue Shield will strive to keep all parties informed of any changes to these guidelines in a timely manner; however, Anthem may change these guidelines at any time without prior notice. Future changes will be communicated as updates to the most current published guidelines.

Only Anthem Blue Cross and Blue Shield 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 remind all prospective groups to maintain their current coverage until Anthem Blue Cross and Blue Shield notifies them that we have accepted them for coverage.

Overview of the Underwriting Process

SECTION 1

1. Requirements for Completing Forms

The following documentation is required when submitting new business:

- a. A copy of the signed agent's quote (based on final enrollment).
- b. The most current Small Group Employer Application (Master Application).
- c. The most current applicable Employee Applications for all employees/dependents enrolling.
- d. Applications from all employees/dependents declining coverage. Employees declining medical coverage will need to complete the Employee/Dependent Waiver of Coverage section on the Colorado Uniform Employee Application. Employees declining ancillary plans will need to complete section 2 & 4 of the Specialty Products 2-50 Employee Enrollment and Change Form or Sections 2 & 3 of the EmployeeElect or Benefits Employee Enrollment Supplemental Form.
- e. A copy of the company's most recent Unemployment Insurance Tax Report (UITR) with the current employment status of all employees listed. Payroll will need to be submitted for any new hire not listed. If hired within 2 weeks of group application, a W-4 may be substituted. (See page 17 for a listing of alternative forms to validate business and employee eligibility when the UITR is unavailable.)
- f. If it is a group replacement case, a copy of the last month's group premium statement and list bill showing all employees currently covered.
- g. The last billing statement listing COBRA/FMLA/Colorado State Continuation subscribers, if applicable.
- h. A company check for the first month's applicable coverage(s) made payable to Anthem Blue Cross and Blue Shield.
- i. Submit 100 percent of the premium with the applications for all applicable lines of coverage.

2. Guidelines for Completing Forms

Guidelines for completing Employer and Employee Applications for 1-50 small groups are as follows:

All questions must be answered and all signatures and dates provided before Anthem Blue Cross and Blue Shield can begin processing the group's applications. An employee's spouse, if applying, must also sign and date the Employee Application. If the group paperwork is incomplete, the underwriter may be unable to complete the underwriting process.

- a. For new group submissions, the employee's signature date cannot be more than 60 days before the requested coverage effective date.
- b. Employees may make alterations or changes to their Employee Application. The applicant must initial and date any changes made.
- c. See Section 2 for specific guidelines for business groups of one and groups of 2-50 with only one employee enrolling.

3. Process

Underwriters evaluate small groups to determine the appropriate risk adjustment factor and whether the group qualifies for coverage.

4. Processing Time Specifications

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

- a. Anthem Blue Cross and Blue Shield will accept new group submissions, excluding business groups of one, with a requested effective date of the first or the 15th of the month up to the last day of the month before the requested effective date.
- b. Business groups of one must be submitted by the 10th of the month before the requested effective date.
- c. If Anthem Blue Cross and Blue Shield receives incomplete forms, it cannot make a determination until it receives all the necessary information.
- d. When the information submitted is incomplete and subsequently not received in a timely manner, the group's application may be withdrawn for the month requested.

5. Evaluation Criteria

Underwriting is based on the following criteria:

- a. Business qualification
- b. Employer contribution
- c. Health status
- d. Employee and dependent eligibility
- e. Tobacco use
- f. Employee participation
- g. Group demographics
- h. SIC (standard industrial classification)

Groups may be declined if:

- a. A bonafide employer/employee relationship does not exist.
- b. More than 50 percent of the group's eligible employees are employed outside the state of Colorado on 50 percent of the work days in the last calendar quarter or the last calendar year. See Section 2, Item 1, Group Eligibility Requirements.
- c. The group is not subject to Colorado Small Group statutes.
- d. The group fails to meet Anthem Blue Cross and Blue Shield's eligibility requirements.
- e. Other such factors, as determined by Anthem Blue Cross and Blue Shield and subject to applicable law, apply.

General Underwriting Guidelines for New Business

SECTION 2

1. Small Group Eligibility Requirements

- a. "Small employer" means any person, firm, corporation, partnership or association actively engaged in business that on at least 50 percent of its working days, during the preceding calendar quarter, employed no more than 50 eligible employees, the majority of whom were employed in Colorado, and that was not formed primarily for the purpose of purchasing insurance. "Small employer" includes a business group of one. In determining the number of eligible employees, companies that are affiliated companies, or that are eligible to file a combined tax return for the purposes of state taxation, will be considered one employer.
- b. "Eligible employee" is defined as an employee who has a regular work week of 24 or more hours and includes a sole proprietor and a partner of a partnership if the sole proprietor or partner is included as an employee under the employer's health plan, but does not include an employee who works on a temporary or substitute basis.
- c. The majority (51 percent) of all eligible employees must be employed in the state of Colorado or, if no state has a numerical majority and the group is headquartered in Colorado, then Colorado Division of Insurance small group regulations apply.
- d. To be classified as a small employer with more than one employee when only one employee enrolls in the employer's health plan, the employer must submit to Anthem Blue Cross and Blue Shield the two most recent quarterly employment and tax statements substantiating that the employer had two or more eligible employees. Such small employer groups must also meet Anthem's participation requirements.
- e. For a small employer group to be considered a business group of two or more, an employee who could also be considered a dependent of the employer must receive taxable income from the employer in an amount equivalent to minimum wage for working 24 hours per week on a permanent basis. The groups most recent UTR will be required.

2. Business Groups of One

- a. "Business group of one" means, for purposes of qualification, an individual, a sole proprietor or a single full-time employee of a subchapter S corporation, C corporation, nonprofit corporation, limited liability company or partnership who works 24 hours or more a week on a permanent basis and who has carried on significant business activity for a period of at least one year prior to application for coverage, and who has gross income as indicated on federal Internal Revenue Service Forms 1040, schedule C, F or SE, or other forms recognized by the federal Internal Revenue Service for income reporting purposes, which generated gross income from which that individual, sole proprietor or single full-time employee has derived at least a substantial part of such individual's income for one year out of the most recent consecutive three-year period. "Substantial part of such individual's income" means income derived from business activities of the business group of one that are sufficient to pay for annual health insurance premiums for the business group of one.
- b. "Business group of one" includes a full-time household employee who works twenty-four hours or more a week on a permanent basis as a household employee, if that employee has derived at least a substantial part of such employee's earned income for one year out of the preceding three-year period from household employment, and if the employee's employer, on at least 50 percent of the days in a normal work week during the preceding calendar quarter employed at least one household employee.

c. To determine whether an applicant meets the requirements of the business group of one definition, Anthem Blue Cross and Blue Shield may require an applicant to submit any of the following forms of documentation applicable to the applicant's current business or employment:

- Employment-related tax and withholding information, including, but not limited to, a federal Internal Revenue Service Form 1099
- Relevant portions of federal and state tax returns

d. To determine whether an applicant meets the requirements for working 24 hours or more per week on a permanent basis, Anthem Blue Cross and Blue Shield will adhere to the applicable Colorado Division of Insurance rules and/or regulations.

e. Groups of 2-50 with one enrolling are not considered business groups of one.

f. A business group of one may be declined for group coverage if they qualified as a business group of one and purchased an individual policy within the last three years.

3. Employer/Employee Relationship

a. An employer/employee relationship must exist. An employee who works a minimum of 24 hours per week is considered a full-time employee. An employee who works less than 24 hours per week is considered a part-time employee and is not eligible.

b. Persons compensated on a 1099 basis are eligible for coverage. Eligibility requirements for groups with 1099 employees are as follows:

- No more than 50 percent of the group's employees may be 1099 employees.
- The 1099 employees must be employed by the company full time and year round.
- All present and future 1099 employees are subject to the same eligibility requirements as taxed employees.
- The small group employer must contribute the same amount for 1099 employees as for all other employees.

- The employer must have at least two taxed employees, with tax documents that verify the company is a valid business.

- A complete list of all 1099 employees must be included with the new group submission.

- Anthem Blue Cross and Blue Shield may require the employer to submit documentation to demonstrate eligibility.

c. Temporary, seasonal and substitute employees are not eligible.

d. If an owner believes the structure of his or her holdings produces a single employer-employee relationship, Anthem Blue Cross and Blue Shield will require copies of all associated supporting documentation validating 51 percent common ownership of all companies involved. The documentation may be submitted before case submission. Anthem Blue Cross and Blue Shield will make the final determination about whether there is one responsible employer.

e. The qualifying events for business group of one eligibility are as follows:

- **Birthday rule:** The employee must enroll within 31 days of his or her birthday. The effective date will be the first of the month following the birthday or the first of the subsequent month if the submission deadline referenced in Section 1 is missed; **or**

- **Anniversary rule:** The employee must enroll within 31 days of the group's one-year anniversary of the business start date; **or**

- **Loss of coverage rule:** The employee must apply within 31 days of any involuntary loss of coverage that is considered a qualifying event, including exhausting State Continuation or COBRA coverage.

General Underwriting Guidelines for New Business

SECTION 2

4. Ineligible Categories

Associations, multiple employer trusts, part-time and seasonal employees, retirees, and board of director members and stockholders are not eligible.

Definitions or explanations follow:

- a. **Association** (unless qualifying as a guaranteed association): A group of employer units banded together for any reason
- b. **Multiple employer trust** (unless qualifying as a guaranteed association): Employers, usually in the same or related industries, 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. **Part-time employee**: An employee who works less than 24 hours per week
- d. **Seasonal employee**: An employee who regularly works less than 12 consecutive months but for periods of time that are definite in length and with a formal policy of recall
- e. **Retirees**: Retirees are eligible for Individual conversion or Medicare Supplement products
- f. **Board of director members and stockholders** are not eligible unless they are also officers/employees and working at least 24 hours per week

5. Contribution

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

EmployeeElect and BeneFits Health

- a. Traditional option: A minimum contribution of 50 percent of each covered employee's monthly health premium for EmployeeElect or 25 percent of each covered employee's monthly health premium for BeneFits

- b. Fixed dollar option: Any fixed dollar amount \$125 or more (in \$5 increments) for each covered employee's monthly health premium for EmployeeElect or \$50 or more of each covered employee's monthly health premium for BeneFits

Mandated Basic and Standard Health

A minimum contribution of 50 percent of each covered employee's monthly health premium (These plans are not available as part of the EmployeeElect or BeneFits portfolios.)

Dental

- a. If dental coverage is purchased alone, a minimum contribution of 50 percent of each covered employee's monthly dental premium
- b. If dental coverage is purchased with EmployeeElect or BeneFits health coverage, a minimum contribution of 25 percent of each covered employee's monthly dental premium

Vision

A minimum contribution of 50 percent of each covered employee's monthly vision premium if purchased with EmployeeElect health coverage and 25 percent of each covered employee's monthly vision premium if purchased with BeneFits health coverage.

Life and Disability

For basic life, a minimum contribution of 25 percent of each covered employee's monthly life premium

6. 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 24 hours per week and be compensated for that work by the employer (subject to withholding it as appears on a W-2 form). Sole proprietors, partners and corporate officers must work at least 24 hours a week to be eligible.

7. Employee Participation Requirements

Health

The standard group participation requirement for Anthem Blue Cross and Blue Shield's EmployeeElect, state-mandated, and actively marketed PPO and HMO health plans is a minimum of 75 percent of the eligible employees.

The standard group participation requirement for BeneFits health plans is a minimum of 60 percent of the eligible employees. (See Section 2, Items 11-14, for dental, vision, and life and disability participation requirements.)

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

If an employee waives coverage due to other group coverage through another employer (as a subscriber or a dependent), because the employee has an Individual policy, or because the employee has other qualifying creditable coverage, the employee may be considered ineligible for the purposes of calculating participation. The employer must submit a declination for these employees.

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 only one employee, not both. The contract holder under a single contract will be the employee whose date of birth falls first in the year.

Class carve-outs such as management only or salary vs. non-salary may be considered with underwriting approval. A list of the job classifications the employer wants to insure will be required with the initial group submission. All employees must 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 Anthem Blue Cross and Blue Shield's underwriting criteria.

8. Health Underwriting

Anthem Blue Cross and Blue Shield will underwrite groups of 1-50 in accordance with Colorado laws and regulations.

Employees in employer groups of 1-50 eligible enrolling employees must complete the health history section on the current Colorado Uniform Employee Application.

- a. Eligible employees and/or dependents waiving coverage at the time of enrollment must complete a waiver of coverage, which includes their name, Social Security or ID number, and the applicable waiver section of the Employee Application, and they must forward it to Anthem Blue Cross and Blue Shield. Proof of coverage may be required.
- b. Late entrants (see Section 4, Definitions) may apply for coverage subject to the following:
 - Applicants enrolling in non-HMO Colorado coverage may apply at any time, subject to late entrant pre-existing condition limitations and exclusions.
 - HMO Colorado applicants may apply only during the employer's open enrollment period.
- c. Applications more than 60 days old are not accepted for underwriting purposes.
- d. The underwriting department can usually make an immediate decision if it receives all the proper documentation with the initial group submission. Please refer to page 4 for all documentation required. Any missing documentation and/or premium will delay 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 for providing them at his or her own expense. A HIPAA-compliant authorization will be required.

General Underwriting Guidelines for New Business

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9. EmployeeElect Health Coverage

Employers may offer one plan, a mix of plans or all the EmployeeElect health plans along with dental, vision, and life coverage.

HMOSelect™ plans are only available in specific employer-based geographic areas. Eligible groups may offer HMOSelect in conjunction with the following requirements:

- a. The employer's place of business must be within the designated HMOSelect counties.
- b. Employees who reside outside the designated HMOSelect counties may choose any other HMO plan or non-HMO plan offered by the employer.

10. BeneFits Health Coverage

Employers may offer all the BeneFits health plans along with dental, vision and life coverage.

- a. The BeneFits portfolio includes six health plans.
- b. Two dental plans are available.
(The Hospital BeneFits Preferred plan includes dental coverage.)

11. Dental Coverage

Dental coverage is available to groups of 2-50. Employers may select all plans for their employees or make specific plan options available.

At least 75 percent of the eligible employees must participate when the employer offers stand-alone dental coverage. At least 50 percent participation is required if dental coverage is offered along with EmployeeElect health coverage. At least 60 percent participation is required if dental coverage is offered along with BeneFits health coverage.

12. Vision Coverage

Vision coverage is available to groups of 2-50. Employers may select one or both options for their employees.

At least 75 percent of the eligible employees must participate when the employer offers vision coverage on a stand-alone basis or along with EmployeeElect health coverage. At least 60 percent participation is required if vision coverage is offered along with BeneFits health coverage.

13. Life Coverage

- a. Stand-alone employee and dependent life coverage is available.
- b. The participation requirement is 75 percent of the eligible employees when the employer offers life coverage on a stand-alone basis or along with EmployeeElect health coverage. The participation requirement is 60 percent of the eligible employees when the employer offers life coverage along with BeneFits health coverage. 100% participation is required on EmployeeElect and BeneFits when the life plan is noncontributory.
- c. The employer must contribute a minimum of 25 percent of the employee's basic life premium.
- d. Stand-alone life is available to groups of 2-50. A minimum of two must enroll.
- e. Basic life is available to groups of 2-50. Life plans with \$15,000-\$200,000 in coverage are available. Benefit plans may be salary-based (one times the employee's annual salary or two times the employee's annual salary); a flat-dollar amount for all employees; or graded by job title (class I and class II). The benefit amount for class I cannot exceed 2.5 times the benefit amount for class II. Accidental death and dismemberment coverage, waiver of premium, a living benefit, and conversion coverage are included. Benefits reduce by the following: 35 percent at age 65, 50 percent at age 70. Coverage terminates at retirement.
- f. The guaranteed issue amount is \$30,000 for basic life insurance coverage for employer groups with 2-9 eligible employees enrolling.
- g. The guaranteed issue amount is \$50,000 for basic life insurance coverage for employer groups with 10-24 eligible enrolling employees.
- h. Employer groups with 25-50 eligible enrolling employees are guaranteed for up to \$100,000 in life insurance coverage. For any life insurance coverage over the guaranteed issue amount, completed health statements are required, and coverage is subject to underwriting approval.
- i. For all groups of 2-50, the basic life coverage guaranteed issue amount is \$25,000 for employees age 70 and over.

j. In addition to the basic life option, supplemental life is also available to groups of 2-50, subject to underwriting approval. For groups of two employees, 100 percent participation is required. For groups of 3-50 employees, at least 25 percent of the eligible employees, with a minimum of three enrolling employees, must participate. Coverage options of \$15,000, \$25,000, \$50,000 and \$100,000 are available to groups of 2-50 eligible employees. Accidental death and dismemberment coverage, waiver of premium, a living benefit, and conversion coverage are included. Benefits reduce by the following: 35 percent at age 65, 50 percent at age 70. Coverage terminates at retirement.

Supplemental life is 100 percent employee-paid. Supplemental life is not available on a stand-alone basis. There is no guaranteed issue amount for supplemental life for groups of 2-9. The guaranteed issue amount is \$15,000 for groups of 10-50.

k. Two dependent life coverage options are available:

Option 1: Includes \$10,000 in coverage for the employee's spouse and \$10,000 for each dependent child ages 15 days to 19 years. Continuation of coverage rules for children up to age 25 are consistent with the health plan's continuation rules. Spouse coverage terminates when the spouse turns 65. The rate is a flat rate per family unit.

Option 2: Includes \$5,000 in coverage for the employee's spouse and \$5,000 for each dependent child ages 15 days to 19 years. Continuation of coverage rules for children up to age 25 are consistent with the health plan's continuation rules. Spouse coverage terminates when the spouse turns 65. The rate is a flat rate per family unit.

l. The participation requirement for dependent life is 75% of all dependents if contributory. 100% of all dependents if non-contributory.

m Existing employees and new hires must complete the health history section of the applicable Employee Application if the amount chosen is more than the guaranteed issue amount. Life insurance above the guaranteed issue amount is subject to underwriting approval.

n. Existing health groups that add life insurance or increase the life coverage amount are subject to underwriting approval, regardless of group size.

14. Disability Coverage

Short term disability coverage is available to groups of 2-50 lives.

- a. Plans available: 1/8/13, 1/8/26, 15/15/26
- b. Benefit amounts available: flat \$200/week, 66.67 percent, with a \$750 maximum.
- c. Covers only non-occupational disabilities. Pregnancy is covered the same as any illness. There are no preexisting condition limitations.
- d. Guaranteed issue:
 - 2-5 lives: None
 - 6-9 lives: \$500/week
 - 10-50 lives: All amounts are guaranteed issue.
- e. Participation requirements:
 - Contributory: 75 percent for the EmployeeElect portfolio and 60 percent for the BeneFits portfolio
 - Non-contributory: 100 percent
- f. Rates are per each \$10 in benefits.

Long term disability is available to groups of 2-50 lives.

- a. Plans available:
 - Gold: Age 65/RBD, 60 percent to \$6,000, 90-day elimination period
 - Gold: Age 65/RBD, 60 percent to \$6,000, 180-day elimination period
 - Silver: 5-year/RBD, 60 percent to \$6,000, 90-day elimination period
 - Silver: 5-year/RBD, 60 percent to \$6,000, 180-day elimination period
 - Bronze: 2-year/RBD, 50 percent to \$3,000, 180-day elimination period
- b. Guaranteed issue:
 - 2-5 lives: None
 - 6-50 lives: All amounts are guaranteed issue.

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- c. Participation requirements:
 - Contributory: 75 percent for the EmployeeElect portfolio and 60 percent for the BeneFits portfolio
 - Non-contributory: 100 percent
- d. Rates are per each \$100 of monthly covered payroll.

15. Protection Pack

Protection Pack is available for groups of 2-50 lives.

- a. Five fixed-price options consisting of life, accidental death and dismemberment, short term disability and long term disability coverage, and an employee assistance program are available.
- b. Protection Pack is available to employer groups of 2-50 lives on a non-contributory basis only, at a per-employee flat rate in three age bands.

16. 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* provides all the necessary information for a group to install and support a P.O.P.

Groups enrolling fewer than 10 eligible employees in EmployeeElect coverage or fewer than five eligible employees in BeneFits coverage pay a \$125 annual fee for the service. A separate check for the P.O.P. fee made payable to Anthem Blue Cross and Blue Shield must be submitted along with the P.O.P. application. If a group applies for Anthem Blue Cross and Blue Shield health coverage concurrently with P.O.P., the group must submit the P.O.P. application and a separate check with all other required paperwork.

Note: The P.O.P. enrollment cannot be processed until the underwriter has approved the group health coverage. Therefore, the P.O.P. effective date assigned by Ceridian may be later than the group's health coverage effective date.

17. Rating Policies

- a. All rates are based on actual enrollment.
- b. **The small group underwriter will determine the group's acceptance, final rates and effective date.**

18. Rate and Benefit Guarantee

- a. Health coverage rates are guaranteed for a maximum of 12 months.
- b. Anthem Blue Cross and Blue Shield may change health rates and benefits with 31-day advance written notice or, when the change is mandated by law, without advance notice.
- c. Changes to the risk adjustment factor are limited as defined by Colorado law.
- d. Rates for stand-alone dental, vision and life coverage are guaranteed for 12 months.
- e. Rates for dental, vision or life coverage written in conjunction with health coverage will receive the health rate guarantee.
- f. Groups enrolling in a health plan with 2-9 eligible employees will be issued age rates. Groups of 10 or more eligible employees may choose between age or composite rates.

19. 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 EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50.
- b. The employer may waive the waiting period for all new hires at the initial group enrollment.
- c. Small employer groups of 1-50 are not guaranteed an effective date.

*P.O.P. administration services are offered through an arrangement with Ceridian, an independent company not affiliated with Anthem Blue Cross and Blue Shield, or its parent company.

20. Waiting Period

For future employees, employers may designate their waiting period as the first of the month following the employee's hire date or one, two, three, four, five or six months following the employee's hire date. A future employee's coverage eligibility date is always the first day of the month following completion of the waiting period. **Anthem Blue Cross and Blue Shield will not waive the waiting period for any future employees.**

21. Pre-existing Conditions

- a. Anthem Blue Cross and Blue Shield imposes pre-existing condition limitations, when applicable, for up to six months following the coverage effective date of coverage and applies the limitations to conditions for which care was sought or provided within six months of the enrollment date. Pre-existing condition limitations are not applicable to newborn and adopted children. Pregnancy is not subject to any pre-existing condition limitations.

Note: The "look back" period for pre-existing conditions begins with the enrollment date (usually the hire date, not the effective date).

- b. Anthem Blue Cross and Blue Shield provides credit for prior creditable health or dental coverage (including individual, group or state-sponsored programs) in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Verification may be required.
- c. HMO Colorado plans have no pre-existing condition limitations.
- d. New hires and re-enrollees may be subject to the pre-existing condition limitations indicated in this section. Late entrants may be subject to pre-existing condition limitations for up to 18 months.

22. Takeover Provisions (CRS 10-16-106)

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 31 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 2 of Section 10-16-705-(4), or pursuant to subdivision (b) of Section 10-16-106 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).

General Underwriting Guidelines for New Business

SECTION 2

23. Prior Deductible and Annual Out-of-pocket Maximum Credit

- a. For new group submissions, Anthem Blue Cross and Blue Shield provides credit for deductibles met under prior group health or prior group dental coverage if proof of the actual dollar amount is submitted with the first claim.
- b. Anthem Blue Cross and Blue Shield provides credit for deductibles met under our health or dental plans.
- c. Credit for pharmacy deductibles is not available.
- d. Credit for annual out-of-pocket maximums not available.

24. Eligible Dependents

Dependent coverage is available to the following:

- a. Lawful spouse
- b. Domestic partner
- c. Unmarried natural child
- d. Newborn child
- e. Legally adopted child
- f. Stepchild
- g. Ward of legal guardian
- h. Other such classifications as required by law or regulation

See Section 4, Definitions, for specific age criteria.

25. Federal Regulations

- a. Federal TEFRA, DEFRA and COBRA legislation regulates employee health care coverage. Based on this legislation and Anthem Blue Cross and Blue Shield's Agreement with the employer, if a business employs, on average, fewer than 20 employees in a year, should any employee become 65 years of age, his or her primary health carrier will be Medicare. For employees who are 65 years old and who choose to retain their Anthem Blue Cross and Blue Shield Small Group coverage, Anthem will apply contract benefits as a secondary carrier for Medicare benefits paid or payable.

- b. If a member is covered by both Medicare and Anthem Blue Cross and Blue Shield and Anthem is secondary to Medicare, the Medicare payment is calculated first, and Anthem coordinates up to 100 percent of coverage for deductibles and co-insurance, not to exceed the Anthem benefit.

- Special coordination of benefits (COB) rules may apply, specifically for Medicare secondary payor situations. The group's certificate contains additional details about COB rules.

- c. Anthem Blue Cross and Blue Shield is secondary to Medicare when the following criteria are met:

- The employer has fewer than 20 employees, and the member is age 65, **or**
- The employer has fewer than 20 employees and the member under age 65 is eligible for Medicare due to a disability, **or**
- The member enrolled following the first 30 months of kidney dialysis treatments for end-stage renal disease.

- d. COBRA: Participation in the employer'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 employed 20 or more employees for at least 50 percent of the previous calendar year.

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

26. State Regulations

Colorado State Continuation (CRS 10-16-108) was effective January 1, 1998. This legislation provides for continuation of coverage for employees and eligible dependents of qualifying groups (i.e., groups that on at least 50 percent of the working days during the previous calendar quarter employed 1-19 eligible employees). Employees must have been continuously covered under the employer's plan for six consecutive months. Group conversion is available if the employee was covered for less than six months but more than three months.

The employer must send written notice of State Continuation election, which must include, among other things, the amount of monthly premium due, to employees within 10 days of termination. Within 30 days of the termination date, the employee must 1) notify the employer in writing of the employee's intent to elect State Continuation coverage and 2) remit the appropriate premium amount to the employer.

An employee and/or the employee's eligible dependents are eligible for State Continuation coverage for up to 18 months if coverage was terminated due to any of the qualifying events below:

a. The employee dies (continuation for dependents)

- b. The employee's employment is terminated or the employee's hours are reduced to the extent that loss of coverage results
- c. The employee's spouse divorces or legally separates from the employee
- d. An enrolled child loses eligible dependent status
- e. The subscriber enrolls in Medicare and voluntarily terminates his or her Anthem coverage.

Anthem Blue Cross and Blue Shield does not administer State Continuation coverage.

27. Colorado Business Structure Underwriting Requirements

<i>Documentation Requirements for Each Business Type</i>		
Business type	In business more than 3 months	In business less than 3 months
C Corporation	UITR or Form 1120 U.S. Corporate Income tax return	Payroll records and Articles of Incorporation
S Corporation	UITR or K-1 for shareholder's income	Payroll records and Articles of Incorporation
Partnership	K-1 for partner's income or Schedule SE (self employment tax) or Form 1065 Partnership Return and UITR for employees	Partnership Agreement and SS-4 (application for tax ID) and payroll records
Limited Liability Company (LLC)	May file as either a C Corporation or Partnership (refer to above)	May file as either a C Corporation or Partnership (refer to above)
Sole Proprietorship	Schedule SE and Schedule C filed with 1040 (tax return) and UITR for salaried employees	Payroll records and SS-4 or appropriate tax ID verification. A sole proprietor may use a Social Security Number in lieu of obtaining a new tax ID.
Independent Contractor	Form 1099 for each contractor and signed 1099 disclosure	Form 1099 for each contractor and signed 1099 disclosure
Farm	Form 1040 and Schedule F or K-1 Farms may also file Form 1041, 1065 or 1065B.	Payroll records and SS-4 or Articles of Incorporation, Partnership Agreement, etc.
Non-Profit Organization	Form 940 or Form 990	Articles of Organization and IRS confirmation of non-profit status

General Underwriting Guidelines for Exiting Business

SECTION 3

1. Open Enrollment

- a. An employee and/or qualified dependent who previously declined coverage and wants to enroll in a PPO plan may apply at any time, subject to late entrant pre-existing condition limitations and exclusions.
- b. An employee and/or qualified dependent who previously declined coverage and later wants to enroll in HMO Colorado coverage may do so at the group's anniversary date. See Section 2, Health Underwriting, Item 8b. Special enrollment periods may apply. See Section 4, Definitions, Special Enrollment Period.
- d. Anthem Blue Cross and Blue Shield will only consider future requests for changes in the risk adjustment factor on the group's anniversary date.
- e. Subject to underwriting approval, existing groups may only change their contribution method six months after the original effective date and once in a 12-month period.
- f. Anthem Blue Cross and Blue Shield does not allow changes to the group's anniversary date.
- g. Anthem Blue Cross and Blue Shield must be notified of changes in ownership or tax ID. These changes are subject to underwriting review.
- h. Anthem Blue Cross and Blue Shield product or portfolio changes do not constitute a new rate and guarantee period.

2. Contract Benefit Modifications

Group Level

Employer plan change requests may be submitted only at the group's anniversary date. Required documentation must be complete and accurate to process the request. Anthem Blue Cross and Blue Shield must receive the completed documentation, including all necessary Anthem forms, at least 30 days before the requested effective date. If Anthem accepts the application for benefit modification, the underwriting department will assign the effective date for the benefit change. Please also refer to the Plan Modification Job Aid on the next page to determine when the employer may request each type of benefit modification and to determine what documents must accompany the request.

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

- a. Increases in life benefits are subject to underwriting approval.
- b. Dental, vision, or life and disability coverage added to an existing health policy will default to the health rate guarantee after the initial dental, vision or life rate guarantee expires.
- c. The underwriter must receive the completed paperwork from groups requesting a benefit modification at least 30 days before the requested effective date. No retroactivity is allowed.

Subscriber Level

Covered subscribers may move to a different plan offered by their employer on the anniversary month of the group's original effective date or at the time Anthem Blue Cross and Blue Shield approves a group-level benefit change. **Please note:** Changes in enrollment may affect composite rates

A subscriber requesting a change in health care benefits must submit the appropriate application/change form for small groups of 1-50, if the employer is offering the plan requested.

3. Plan Modification Job Aid

For current Anthem Blue Cross and Blue Shield applications and forms, go to [anthem.com](https://www.anthem.com).

Benefit Modification	When Eligible	Documents Necessary
Add Health Benefits Includes increasing number of plans offered under existing Anthem Blue Cross and Blue Shield health coverage	On anniversary date	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Completed EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50 for those employees requesting to change 4. UTR reconciled (subject to underwriting approval)
Request a Change in Health Benefits That Requires Underwriting	First of the month following at least six months after the original effective date, once in a 12-month period	<ol style="list-style-type: none"> 1. Letter from group (In some circumstances, an EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50 may be required.)
Change in Contribution Option	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)
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.	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. New applications for all applicants. 4. UTR reconciled (subject to underwriting approval)
Add Dental/Change Dental Coverage	First of the month following receipt of all documentation, once in a 12-month period	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Dental applications for all applicants
Add BlueView Vision™ Coverage	First of the month following receipt of all documentation. (If the group's prior Anthem Blue Cross and Blue Shield vision coverage was dropped, the group may only add again at renewal.)	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Vision applications for all applicants
Risk Adjustment Factor Change	On anniversary date	<ol style="list-style-type: none"> 1. Letter from group 2. EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50 for all enrollees 3. UTR reconciled
Change in Portfolio i.e., EmployeeElect to BeneFits (No rate or benefit guarantee will apply.)	On anniversary date	<ol style="list-style-type: none"> 1. Employer Application 2. Letter from group 3. Completed EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50 for all employees 4. UTR reconciled (subject to underwriting approval)
Change in Ownership Underwriting will determine if group can maintain current contract or will need to apply as a new group.	First of the month following receipt of all documentation	<ol style="list-style-type: none"> 1. Letter from group 2. Legal documentation to support buyout, sale of assets, or acquisition

General Underwriting Guidelines for Exiting Business

SECTION 3

4. Group Add Effective Dates

- a. Eligible employees may apply for coverage for themselves and their eligible dependents by submitting a completed EmployeeElect or BeneFits Employee Enrollment Application/Change Form for small groups of 1-50. Effective dates are determined as follows:
 - Anthem Blue Cross and Blue Shield must receive the application within 31 days after the date of hire or within 31 days of the expiration of the waiting period selected by the employer.
 - If Anthem receives the application before the employee's waiting period is completed, the effective date coincides with the eligibility date.
 - If Anthem receives the application more than 30 days after the employee's eligibility date, the applicant is considered a late entrant and appropriate pre-existing condition limitations and exclusions may apply.
 - If the employee is applying for a PPO plan, the effective date will be the first of the month following the date Anthem received the application, and an 18-month pre-existing condition limitation may apply unless a qualifying event is evident.
 - If the employee is applying for a an HMO Colorado plan, he/she must wait until open enrollment.
- b. Any time an employee and/or dependent becomes eligible but does not enroll, or if an employee and/or dependent remains eligible but is not retaining coverage, the coverage declination in Section 2 (name and Social Security or ID number) and Section 4 of the EmployeeElect Employee Application or Section 3 and Section 5 of the BeneFits Employee Application must be completed.
- c. Special enrollment periods are available for newborn children, adopted children, new spouses and wards of legal guardians. They may be added without a waiting period if they are enrolled within 31 days of becoming eligible. In addition, spouses who are eligible but not enrolled may also be added in the event of the birth or adoption of a child. 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.

5. Group Conversion

- a. Members of terminated health plans who qualify for group conversion plans and individuals whose COBRA or Colorado State Continuation coverage has expired may apply to Anthem Blue Cross and Blue Shield within 31 days after the termination date for a Conversion Benefit Agreement. **The terms, benefits and charges of the conversion plan are different from those of the employer plan.** If a member's previous coverage was with an HMO plan, the member must convert to a Basic or Standard HMO plan. If the prior coverage was a PPO plan, the member must convert to a Basic or Standard PPO plan. Conversion coverage is not available to former employees of a group and their dependents 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 any required contributions to premiums.
 - The employee is covered by Medicare Part A and/or Part B at the time of eligibility for conversion coverage.
 - The employee is covered under an Individual health plan when coverage ends.
- b. Application for Anthem Blue Cross and Blue Shield conversion coverage is available without a health statement, if there has been no lapse in coverage. Anthem Blue Cross and Blue Shield must receive the first quarterly premium, accompanied by a completed application, within 30 days of termination.

6. Life Insurance Conversion

When an active employee loses group life coverage due to employment termination or retirement, the employee may have the right to convert from group term life insurance to an individual whole life insurance policy without evidence of insurability.

The employee must apply in writing to Anthem Life for conversion, or complete a Notice of Conversion Form and pay the initial premium on the policy within 31 days after the group term life insurance ends.

The employee may choose to be insured for the same or a lesser amount of the insured amount under the group plan. The conversion plan will be effective on the date group term life insurance ends, if the employee applies and pays the conversion premium within the required 31 days. Conversion is also available when an employee loses coverage because the group plan terminates or changes. In these cases, the following additional limitations apply:

- The amount available for conversion is limited to the lesser of \$2,000 or the difference between the group life amount Anthem Life provided and any new group coverage that becomes available during the conversion period.
- The employee must have been covered under the group life policy for at least five years.

Definitions

SECTION 4

1. Declination – A declination is a formal notification to Anthem Blue Cross and Blue Shield that an employee and/or any of the employee’s eligible family members are declining or refusing any coverage. The employee must complete Sections 2 and 4 of the Employee Elect Employee Application or Sections 3 and 5 of the Benefits Employee Application. A declination is required for any eligible employee or dependent opting not to enroll at the time of becoming eligible.

This information is required to ensure compliance with federal and state laws.

2. Dependent – “Dependent” means a spouse; an unmarried child who is under age 25 and financially dependent on the subscriber or subscriber’s spouse, or who is a full-time student or who lives at the same legal residence as the subscriber or the subscriber’s spouse; or an unmarried child of any age who is medically certified as disabled and dependent on the parent.

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

b. A **common law spouse** must complete an application and provide the appropriate documentation (a notarized affidavit) for a common law spouse. Pre-existing condition limitations may apply.

c. An **adopted child** must be added within 31 days following the date of acceptance of legal responsibility and placement for adoption by the adopting parents. Copies of legal documentation must be submitted along with the enrollment.

d. A **newborn child** must be added to an existing policy within 31 days following the date of birth. No health questionnaire is required if the newborn child is enrolled within 31 days following the date of birth. Otherwise, the child will be considered a late entrant. Late entrants may be subject to an 18-month pre-existing condition waiting period and an effective date on the first of the month following receipt of the application.

e. A **ward of a legal guardian** must be added to an existing policy within 31 days following acquisition. An application must be submitted within 31 days of issuance of the final court decree or order of permanent legal guardianship. A Letters of Guardianship Form from the court, showing the filing date and court seal, must also be submitted 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 Entrant – A late entrant is an eligible employee or dependent who has declined enrollment in a health plan offered by a small group employer at the time of the initial enrollment period provided under the terms of the health plan and who subsequently requests enrollment in a health plan of that small group employer, provided the initial enrollment period is a period of at least 31 days.

4. Special Enrollment Period – An eligible employee or dependent will not be considered a late entrant if the individual meets the criteria under a, b or c below:

- a. He or she was covered under another health plan at the time the individual was eligible to enroll; **and**

He or she certified at the time of the initial enrollment that coverage under another health plan was the reason for declining enrollment, provided that, if the individual was covered under another health plan, the individual was given the opportunity to make the certification and was notified that failure to do so could result in later treatment as a late entrant; **and**

He or she has lost or will lose coverage under another health 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's or dependent's coverage, death of the person through whom the individual was covered as a dependent, or divorce; **and**

He or she requests enrollment within 31 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 the spouse or minor child under a covered employee's health plan and request for enrollment is made within 31 days after the court order is issued.

- 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, before 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 individual's 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 condition exclusions do not apply to HMO Colorado plans).

- 5. New Hire** – An employee in an employer group who is hired after the group's coverage 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 employees/dependents of an employer group who have not, as a group, had prior group coverage within the 90 days before the effective date. The probationary period may be waived.

- 8. Contributory** –The employer pays less than 100% therefore the employee must pay a portion of their premium.

- 9. Non-Contributory** –The employer pays 100% of the employees premium.



**For more information,
please visit [anthem.com](https://www.anthem.com).**