

Disclosure Notice for Small Employer Groups

Class of Business

Your group will be included in the Small Employer class and **will not be considered part of a separate class of business**. This class is comprised of small employer groups with up to 50 eligible employees and includes qualified Business Groups of One.

Rates

Rates are established on a community basis in which medical and administrative costs for all small employer groups are computed and trended forward for expected increases due to inflation and utilization. **Rates are not adjusted based on duration of coverage of the group's employees or its employees' dependents.** A base rate is established and adjusted for the level of benefits contained in your plan. Case characteristics that may be used by RMHP for your specific group that may affect your group's rates are your enrolled employees' ages, family size, health status, and claims experience, and your company's geographic location and industrial classification.

- You will have higher premiums for older employees.
- Your premiums will vary depending on your employees' family size.
- You will have higher premiums if your company is located in an area of high medical costs.
- We may further adjust your premiums depending on your group's health status, claims experience, and Standard Industrial Classification (SIC).
- You may have higher health status premium adjustments in some cases if your group had health benefit coverage that was self-insured or through a non-small group plan within the past 12 months.

Premium rate changes, including changes to case characteristics factors, are generally made on your group's anniversary date, but Rocky Mountain Health Plans (RMHP) has the right to change premium rates more frequently. You will get 30 days' prior written notice before any premium change goes into effect. Premium rates will also change as described in the premium rate schedule in your Group Service Agreement. Additional rate adjustments will be made for any benefit changes made to your plan. **Rates for all small group products being marketed by RMHP in Colorado will be provided within five working days of an employer's oral or written request.**

Premium Rating Options

Small employers with 10 to 50 eligible employees have a choice of four-tier composite rates or four-tier family age-banded rates and can request both to compare the two rating approaches. In either case, the total monthly premium to the employer is identical.

Small employers with less than 10 eligible employees are offered only four-tier family age-banded rates.

- Age-banded rates means that you will be billed different premiums based on employees' ages. For example, the premium for a 60-year-old employee would be substantially higher than for a 20-year-old employee. Age-banded rates are always billed in four-tier monthly premiums (employee; employee and spouse; employee and children; and employee, spouse, and children).
- Composite rates do not vary because of age of the employee. In the example given above, both the 60- and 20-year-old employees would have the same monthly premium rate. Composite rates are available in two tier (employee, employee plus spouse and children); three tier (employee, employee and spouse, and employee plus spouse and children); or four tier.

Access Plans

An access plan is available upon request to any interested party for each managed care network offered by RMHP. Such access plans contain information on providers, referral and grievance procedures, quality assurance, access for members with special needs, emergency coverage provisions, and other information on how to access services.

Geographic Areas Served

Upon request, we will provide you or any enrollee a description of the geographic areas served by Rocky Mountain Health Plans.

Benefits and Premiums

Information about benefits for all the health benefit plans you requested or for which you qualify is enclosed. If you have provided us sufficient information to determine premiums for your group, such premium information is also included. *Colorado law requires carriers to make available a Colorado Health Plan Description Form, which is intended to facilitate comparison of health plans. The form must be provided automatically within three (3) business days to a potential policyholder who has expressed interest in a particular plan or who has selected the plan as a finalist from which the ultimate selection will be made. The carrier also must provide the form, upon oral or written request, within three (3) business days to any person who is interested in coverage under or who is covered by a health benefit plan of the carrier.*

Basic Health Benefit Plan Coverage

For those persons interested in an RMHMO HMO Basic Health Benefit Plan Without Specified Mandates for Colorado or an RMHCO PPO Basic Health Benefit Plan Without Specified Mandates for Colorado, note the following: Interested policyholders, certificate holders, and enrollees are hereby given notice that this small group policy does not cover all the health services and benefits, specifically; mammography, prostate screenings, mental health, alcoholism, hospice care, and dental anesthesia for children, which the Colorado Revised Statutes usually require group plans to cover.

Pre-Existing Condition Limitations

The pre-existing condition limitation period does not apply to the RMHMO HMO Basic Health Benefit Plan Without Specified Mandates for Colorado (Basic Health Benefit Plan) and the RMHMO HMO Standard Health Benefit Plan for Colorado. It also does not apply to pregnancy, a newly adopted child, or a child placed for adoption.

RMHP will impose a six-month pre-existing condition limitation period (12-month limitation period for Business Groups of One) for all new enrollees who have a physical or mental condition for which medical advice, diagnosis, care, supplies, prescription drugs, or treatment was recommended or received within six months immediately preceding the date of their enrollment in an RMHP plan or the first day of any employer-imposed waiting period, whichever is earlier.

The pre-existing condition limitation period will be reduced by the period of time that a new enrollee was covered by creditable coverage, provided the creditable coverage did not terminate more than 90 days before the earlier of the first day of the waiting period or the effective date of coverage under an RMHP plan.

RMHP will impose an 18-month pre-existing condition limitation period for all late enrollees who have a physical or mental condition for which medical advice, diagnosis, care, supplies, prescription drugs, or treatment was recommended or received within six months immediately preceding the date of their enrollment in an RMHP plan. This 18-month period shall also include a 12-month period of exclusion from coverage that is applicable to late enrollees.

The pre-existing condition limitation period for late enrollees will be reduced by the period of time that the late enrollee was covered by creditable coverage, provided the creditable coverage did not terminate more than 90 days before the date of their enrollment under an RMHP plan.

Your Group's Right to Renew

Your group may renew its coverage for successive one-year periods. Your group may terminate the agreement by giving RMHP written notice of intent to terminate. RMHP must receive such written notice no later than 5:00 P.M. Mountain Time on the first business day of the month following the termination effective date; otherwise, the effective date of termination shall be the end of the next calendar month.

RMHP shall not discontinue coverage or refuse to

renew to the extent such nonrenewal is permitted by applicable law, except for the following reasons:

- Nonpayment of required premiums.
- Fraud or intentional misrepresentation of material fact by the group or with respect to coverage of an individual or fraud or intentional misrepresentation of material fact by the individual or the individual's representative.
- RMHP elects to nonrenew and discontinue offering all its small group health care plans delivered or issued in the State of Colorado.
- The group fails to comply with participation or contribution requirements.
- There is no longer any member who is a group enrollee who lives, resides, or works in the service area. The group is no longer actively engaged in the business in which it was engaged on the effective date of the Group Service Agreement.
- An employer that is provided coverage through one or more bonafide associations ceases to belong to that association(s).
- Any other reason for which state or federal law permits nonrenewal of the Group Service Agreement.

Mandated Benefit Cost

Small employers purchasing any health benefit plan other than a basic plan must pay for all of the mandated benefits pursuant to section 10-16-104. The premium for this plan includes the cost of these mandated benefits, specifically: coverages for newborn, maternity, pregnancy, childbirth, complications from pregnancy and childbirth, therapies for congenital defects and birth abnormalities, low-dose mammography, mental illness, biologically-based mental illness, the availability of alcoholism treatment, the availability of hospice care, prostate cancer screening, child health supervision, hospitalization and general anesthesia for dental procedures for dependent children, diabetes, and prosthetic devices.

COLORADO INSURANCE LAW REQUIRES ALL CARRIERS IN THE SMALL GROUP MARKET TO ISSUE ANY HEALTH BENEFIT PLAN IT MARKETS IN COLORADO TO SMALL EMPLOYERS OF 2-50 EMPLOYEES, INCLUDING A BASIC OR STANDARD HEALTH BENEFIT PLAN, UPON THE REQUEST OF A SMALL EMPLOYER TO THE ENTIRE SMALL GROUP, REGARDLESS OF THE HEALTH STATUS OF ANY OF THE INDIVIDUALS IN THE GROUP. BUSINESS GROUPS OF ONE CANNOT BE REJECTED UNDER A BASIC OR STANDARD HEALTH BENEFIT PLAN DURING OPEN ENROLLMENT PERIODS AS SPECIFIED BY LAW.

This disclosure statement is required by Colorado law and is not intended to be a full description of all plan requirements. The complete provisions of the plan(s), including detailed description of benefits, exclusions, and limitations, can be found in the Group Service Agreement and the Health Benefits Contract.