



Small Group **UNDERWRITING GUIDELINES**

Updated January 2024

Prominence[®]
Health Plan

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The Prominence Health Plan Small Group Underwriting Guidelines comply with the requirements of the Affordable Care Act (ACA) and applicable state and federal laws, the group contract and Evidence of Coverage.

Should new or revised federal or state regulations be enacted, or the contract revised, these Guidelines will revise accordingly.

If there is ever any conflict among regulations, the contract and these Guidelines, the regulations and contract will supersede the Guidelines.

This document provides current general Small Group Underwriting Guidelines for Prominence Health Plan. The final decision to accept and confirm a group's rates can only be authorized in writing by the Prominence Health Plan Underwriting Department. Please note that brokers, agents or agency personnel are not authorized to bind or guarantee coverage or to set rates or effective dates.

Please advise all groups who have applied for coverage with Prominence Health Plan, or those with intent to apply for coverage, to keep their current health plan coverage in place until they are notified that they have been accepted for coverage by Prominence.

- I. Underwriting Overview**
 - a. Small Group Definition, Applicability and Full-Time Equivalent**
 - b. Newly Formed or "Virgin" Groups**
 - c. Affiliate Companies**
 - d. Multiple Plan Choices**
 - e. Composite Rates**
 - f. Out-of-State Employees**
 - g. Sole Carrier Requirement**
 - h. Participation and Contribution**
 - i. Management Carve-Out**
 - j. Waiting Periods**

- II. Small Group Quoting and New Case Submission Requirements**
- III. Business Documentation Requirements**
- IV. Plan Changes, Renewals and Reinstatement Requests**

I. Underwriting Overview

a. Small Group Definition, Applicability and Full-Time Equivalent

Small Groups are defined as employer groups with two (2) to fifty (50) full-time, including full-time equivalent employees and common law employees (an employee with a W-2 who is not an owner, spouse or domestic partner) with verifiable income. Per ACA (Affordable Care Act) regulations, a full-time employee is one who works 30 or more hours per week on a non-seasonal basis.

One person groups, consisting of spouses or domestic partners are not considered Small Group.

Retirees, including early retirees or 65+ retirees are not eligible

Employees considered 1099 are eligible but must be solely employed by such group. There must be at least two regular W-2 employees. All 1099 employee must sign the 1099 Affirmation Statement.

In order to determine group size for new and renewing groups, an FTE form (full-time equivalent) is required. The employee count consists of the monthly part-time hours, divided by 120 (monthly hours) to arrive at the FTE number. For example, if the Employer group has 30 employees who work 30+ hours per week, year-round, and 10 employees who work part-time:

Total # EEs			40
# Full-time EEs (30+ hours/week)			<u>30</u>
# Part-time EEs (< 30 hours/week)			10
	Total monthly Part-time hours		240
	(10 EEs each work 24 hours)		
# Full-time equivalent	240/120	=	<u>2</u>
		Total =	32

This group has “32” full-time employee equivalents

b. Newly Formed or “Virgin” Groups

A newly formed group or business must have been in business for at least six (6) weeks, with at least two (2) full time employees. A “virgin” group is defined as a group which does not have group coverage in place, including never having coverage, or lacking current coverage. To be considered for coverage as a new business, the following information is required for verification:

- Copy of business license
- Proof of Employer Identification Number/Federal Tax ID Number (SSN of sole proprietorship - applies to only 1-2 person groups)
- Most recent Quarterly Wage & Tax statement (QW&T) Note! This only applies to 1 to 2 Person Groups.

For a new business, if a QW&T statement has not yet been filed, the employer must provide the following documentation:

- The most recent two consecutive weeks of payroll records and/or copies of cancelled payroll checks report for every eligible employee enrolling with hours worked
- Taxes withheld

- Check number and wages earned or;
- A letter from a CPA with the following information:
 - List of all employees (include owners, partners and officers [full and part-time])
 - Number of hours worked per week, and YTD by each employee, including part-time
 - Weekly salary for each employee
 - Date of hire for each employee

NOTE! The first QW&T may be required post-issue, upon Prominence’s request, if group is issued coverage.

c. Affiliate Companies

Employers with more than one business under common ownership are required to enroll as one group, as an affiliate company under a control group. Common ownership requires the combination of Employer groups for rating and regulation purposes, including ACA requirements.

An Employer may not choose to sub-divide the total affiliated companies into Small Group segments. Thus, more than one Small Group, if affiliated with another group, may qualify as a Large Group if there are greater than 50 full-time eligible employees, including full-time equivalents. All employees of a controlled group or an affiliated service group are to be taken into account (Under §414 (b), (c) or (m) of the Internal Revenue Code) as one employer group.

Proof of common ownership, such as a “Common Ownership Affidavit” is required.

d. Multiple Plan Choices

Groups may offer up to three (3) plans from the portfolio of Small Group products with membership in each plan.

e. Composite Rates

Composite rates are not available for new business and renewals.

f. Out-of-State Employees

Groups may offer a PPO or POS plan from the Small Group Health Suite for its out-of-state employees as long membership does not exceed 50%. The group must be domiciled within Nevada. Health Maintenance Organization (HMO) products are not available to out-of-state employees.

g. Sole Carrier Requirement

All Small Group proposals are contingent upon Prominence Health Plan as the sole medical carrier. No other health plans or health carriers may be offered without prior approval from Prominence Health Plan, including Minimum Essential Coverage (MEC), GAP medical plans, short term medical plans, limited medical plans, or other group coverage including self-funded.

h. Participation and Contribution

All groups must meet the following minimum participation requirements *:

Number of eligible employees:	Percent that must enroll (net of valid waivers):
2 to 3	100%
4 or more	75% +

*If a group does not meet minimum participation or contribution requirements, then the group may enroll during the special ACA-designated Small Group market enrollment period, which generally occurs each year between November 15 and December 15 for a January 1 effective date. The group will be expected to meet minimum participation and contribution requirements on or before their next renewal date. If the group does not meet minimum participation or contribution requirements, the group will be terminated as of their renewal date.

Eligible employees waiving Prominence coverage who have other creditable coverage will not be included in the group’s participation calculation, which is “net of valid waivers”. However, waivers for eligible employees, including those in the waiting period who waive Prominence Health Plan coverage without creditable coverage, will be counted against the group’s participation requirements.

Proof of other creditable coverage is required, and may consist of:

- A current copy of the insurance card with named insureds, or
- A copy of a current premium bill with named insureds.

The minimum employer contribution is at least 50% of the employee only coverage for each enrolled employee. If multiple plans are offered, the minimum 50% contribution requirement may be based on the lowest cost plan design. The employer may contribute up to 100% of the premiums. There is no minimum employer contribution for dependent coverage.

i. Management Carve-Out

Management carve-outs are not allowed under the ACA as coverage must be offered without discrimination to all eligible employees. There may be occasions where only management employees apply for coverage, with valid waivers received for all other employees, who may waive due to alternative spousal or union coverage, for example. This scenario would not constitute a “management carve-out” and minimum participation requirements apply as with all Small Groups.

j. Waiting Periods

Per the ACA, the Waiting Period may be as short as date of hire and cannot exceed 90 days from date of hire.

The employer may choose different waiting periods for different classes of employees, such as first of the month following DOH for non-management employees, and 30-day wait for management employees. Any differences in waiting periods must apply to all eligible employees and be applied consistently and without discrimination.

II. Small Group Quoting and New Case Submission Requirements

To allow adequate time to underwrite and process the group, the cut-off date for new business submissions is the **25th of the month prior to the proposed effective date**; however, we will accept the submission until the last business day of the month prior to the effective date, but please note ID cards and other materials will be delayed.

Any and all missing paperwork must be received by the 5th day of the effective date of coverage or the group's effective date will be moved to the following month and rates will change accordingly.

Paperwork required for final submission includes:

- Complete Prominence Health Plan Small Group (2-50) Master Application
- Complete Prominence Health Plan Member Enrollment forms that include all enrolling dependents (if eligible) with dates of birth for all enrolling as well as individual Social Security Numbers
- Complete Prominence Health Plan Waivers and copies of other carrier's ID cards for proof of acceptable creditable coverage for all eligible employees not enrolling on the plan (subject to participation requirements)
- Complete submission of Enrollment forms and waivers – totaling 100% of all eligible employees
- Groups with 1-2 Persons must provide the most recent QW&T reconciled to indicate whether each employee is full-time, part-time, waiving with coverage or without coverage, waiting period or terminated. If eligible FT owners are not on the QW&T please provide a completed Sole Proprietor, Partner or Corporate Officer Statement form, along with any paperwork listed on the form, (K1, Schedule C or a copy of draw). New employees not listed on the QW&T must have name and date of hire indicated on the QW&T and provide two weeks of payroll records and/or copies of cancelled payroll checks.
- A completed Full-Time Equivalent worksheet
- Copy of current business license.
- A check for the first month's estimated premium. ACH (Automated Clearing House) or credit card withdrawal. If ACH or credit card withdrawal is the option selected, an authorization form is to be completed.

Important note: Final rates will not be confirmed until all submission paperwork is completed, received and approved by Underwriting.

All eligible employees must work at least thirty (30) hours per week, year-round, and be subject to Federal, State and FICA withholding and verifiable by payroll records if requested.

III. Business Documentation Requirements

Documentation Requirements for Each Business Type

Groups must be a partnership, corporation, subsidiary or an associated firm, provided such firm has authority to purchase group health coverage for the employees of the applicant group. In some instances, an employer or corporation may control several subsidiary companies (affiliate companies) whose employees may be covered under the parent company's group policy or control group.

Business Type	In Business More than 90 Days	In Business Less than 90 Days* (or if documents not yet filed)
C Corporation	Nevada Employer's QW&T Report	<ul style="list-style-type: none"> • Payroll records • Articles of Incorporation
S Corporation	Nevada Employer's QW&T Report or K-1 for shareholder's income	<ul style="list-style-type: none"> • Payroll records • Articles of Incorporation
Partnership	K-1* for partner's income or Schedule SE (self-employment tax) or Form 1065 Partnership Return and Employer's QW&T	<ul style="list-style-type: none"> • Partnership Agreement and SS-4 (application for Tax ID) • Payroll records
Limited Liability Company, LLC	May file either as a C Corporation or Partnership (<i>refer to above</i>)	May file either as a C Corporation or Partnership (<i>refer to above</i>)
Sole Proprietorship	<ul style="list-style-type: none"> • Schedule SE and Schedule C filed 1040 (tax return) • Employer's QW&T for salaried employees • Sole Proprietor Form 	Payroll records and SS-4 or appropriate Tax ID verification. A sole proprietor can use SSN instead of obtaining a new Tax ID number.
Farm	<ul style="list-style-type: none"> • Form 1040 and Schedule F or K-1 • Farms can also file Form 1041, 1065 and/or 1065B 	Payroll records
Non-Profit Organization	Form 940 or Form 990	<ul style="list-style-type: none"> • Articles of Incorporation • IRS confirmation of non-profit status
Start-Up Groups	Not applicable	<ul style="list-style-type: none"> • Payroll records • Business license • Articles of Incorporation (A new business cannot be accepted until payroll records are available)

IV. Plan Changes, Renewals and Reinstatement Requests

- a. ACA mandates that all contracts be issued for 12 months without plan changes.
- b. Renewal rates will be released and communicated to the group at least 60 days prior to the renewal date, as required by law.
- c. Groups that have been terminated due to non-payment of premium may apply for reinstatement of coverage if within 60 days of the termination date. All back premiums must be received as well as the request for reinstatement. **Reinstatement is not guaranteed and is subject to approval.** If reinstatement is approved, the coverage is reinstated retroactive to the termination date with no break in coverage. Should reinstatement be denied, the group could reapply for coverage as a new group, resulting in a break in coverage and the contract.