# New Jersey Small Employer Health (SEH) Underwriting Guidelines for Brokers

AmeriHealth Underwriting Department

*Applies to groups effective or renewing on or after 1/1/2016*



AmeriHealth NEW JERSEY

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# New Jersey Small Employer Health

## Underwriting Guidelines

| New Jersey Small Employer Health Reform (SEH) | |
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| **Overview** | • The Small Employer Health Reform (SEH) is a state law in New Jersey that mandates how insurance companies offer coverage to small group within the state.<br>• For detailed information, please visit the New Jersey Department of Banking and Insurance (NJDOBI) webpage: http://www.state.nj.us/dobi/division_insurance/ihcseh/sehmain.htm<br>• Note: The definitions and related employee counting methodologies used in these guidelines are based on the S.E.H. requirements, which may differ from the federal Patient Protection and Affordable Care Act (PPACA) definitions and employee counting methodologies. |
| **Eligibility and Enrollment Requirements** | |
| **Definition of a small employer health plan (SEH) [the "group"]** | For purposes of certification as a New Jersey Small Employer, an Employer is considered to be a small Employer if the Employer satisfies **either** of the definitions below:<br><br>**Definition A (pursuant to N.J.S.A. 17B:27A-17)**: A "small employer", in connection with a group health plan with respect to a calendar year and a plan year, as defined by the state of New Jersey is based on eligible employees and must meet **all** of the following requirements:<br>– any person, firm, corporation, partnership or political subdivision that is actively engaged in business that employed an average of at least one but not more than 50 ***eligible*** common law employees on business days during the preceding calendar year;<br>– who employs at least one ***eligible*** common law employee on the first day of the plan year;<br>• Eligible employee means a full-time employee who works a normal work week of 25 or more hours;<br>• Eligible employee excludes sole proprietors, a partner in a partnership, independent contractors, spouses and employees working fewer than 25 hours per week, employees working on a temporary or substitute basis and employees participating in an employee welfare arrangement pursuant to a collective bargaining agreement.<br>• ***eligible*** employees and dependents to be covered must live, work or reside within the AHNJ service area.<br><br>**Definition B (pursuant to 45 C.F.R. 155.20)**: A "small employer", in connection with a group health plan with respect to a calendar year and a plan year, as defined by the federal government is based all common law **employees** and must meet **all** of the following requirements:<br>– Any employer who employed an average of at least one but no more than 50 common law employees on business days during the preceding calendar year; and who employs at least one common law employee on the first day of the plan year.<br>– Employees and dependents to be covered must live, work or reside in the AHNJ service area.<br>– The following calculation must be used to determine in an employer employs at least one but not more than 50 employees:<br>a) Employees working 30 or more hours per week are full-time employees and each |

Employee counts as 1;

b) Employees working fewer than 30 hours per week are part-time and counted as the sum of the hours each part-time Employee works per week multiplied by 4 and the product divided by 120 and rounded to the nearest whole number

c) Add the number of full-time Employees to the number that results from the part-time employee calculation. If the sum is at least 1 but not more than 50 the employer employs at least 1 but not more than 50 employees.

***Note***: The definition of eligible employees as defined above is for purposes of small employer health plan qualification. Once the group is deemed an eligible group, the carrier definition of eligible enrollees is defined in the "Employee Eligibility" and "Dependent Eligibility" sections.

In addition to the above requirements, SEH groups:

- must have a physical site location in New Jersey — a New Jersey post office box does **not** fulfill the New Jersey location requirement.
- groups comprised of immediate family members other than employee and spouse (e.g. father and son groups) are eligible for SEH coverage, if at least one of the eligible employees is a common law employee.

- **Requirements for groups consisting of an employee and spouse groups and owner only:**
  - owner and spouse (including same sex marriage, civil union and domestic partners) only businesses are no longer eligible for small group coverage
  - If two owners of a corporation are not married and are W-2 employees in the prior calendar year, they would qualify as "employees" and the group is eligible.K-1 partnerships where there is not at least one common law employee are not eligible for small group coverage (*for example: Father and son or husband and wife K-1 partnerships with no other employees are not considered an eligible small group*).

  ***Note***: For the purposes of determining SEH eligibility, K-1 partners are not considered eligible employees even if a W-2 is provided.

**Participation requirements – primary carrier (eligible employees)**

**Primary Carrier Participation Guidelines:** *When AmeriHealth is the sole carrier sponsored by the employer.*

- Minimum 75 percent participation applies to all coverage**.**
- A minimum of 50 percent participation will be accepted if the group does not meet the 75 percent participation requirement due to employees opting to purchase individual plans through the federal exchange, in order to receive the Advanced Payment Tax Credit (APTC). Employees opting out of group coverage due to APTC individual federal exchange waivers must provide proof of the APTC.
- See the "Open Enrollment 2015" section for exceptions to the participation requirement**.**
- **Valid waivers (for calculating the 75 percent participation):**
  - Employees covered as a dependent under a spouse's coverage.
  - Employees covered under NJ FamilyCare, Medicare, Medicaid, or TRICARE.
  - Employees covered under any fully-insured group health benefits plan through AHNJ, offered by the employer.
  - Employees covered as an eligible dependent to age 26, in accordance with the federal Patient Protection and Affordable Care Act.
  - Employees covered under another group health benefits plan.
  - Employees covered under New Jersey State Individual Health Care (IHC).
- Eligible K-1, W2, and S Corp employees count towards participation; ineligible employees will not count towards participation.
- Classed-out employees count towards the participation requirement **and** TEFRA status.

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| | **Secondary Carrier Participation Guidelines:** *When there is other group coverage sponsored by the employer*<br>• A minimum 75 percent participation is required<br>• Secondary carriers with less than 75% participation are not eligible for AHNJ SEH coverage |
| **Employer contribution requirement** | • For contributory plan offerings, the employer must contribute a minimum of 10 percent of the cost of the health benefits. |
| **Employee eligibility** | ***Please note***: Employees eligibility for purposes of AHNJ enrollment differs from the definition of eligible employee or employee in the qualification of a group under the NJ SEH and Federal requirements outlined in the Definition of Small Employer Health Plan outlined above.<br><br>• For qualifying groups, the following are deemed eligible, owners or partners actively engaged in the business who meet all of the following criteria:<br>– Are deemed benefit eligible according to the employer;<br>– Meet all requirements as defined in the carrier's plan documents and fulfill any authorized waiting periods and/or Orientation periods (In accordance with the PPACA laws, employee probationary periods cannot exceed 90 calendar days.)<br>– Groups qualifying as an AHNJ small employer:<br>– must work at least 25 hours per week; and<br>– must live, work or reside within the AHNJ network service area. (If the group qualifies for National Access, all out of area employees with access to Multiplan/PHCS providers are eligible.)<br><br>• ***Ineligible employees include, but are not limited to***: temporary (including 1099/independent contractors), seasonal (AHNJ defines a seasonal employee as an employee who is hired with the understanding that he/she is not a permanent, year-round employee and who is employed for fewer than 120 working days per tax year), substitute, uncompensated employees; volunteers, silent partners, shareholders or investors only; employees who are listed as a child dependent under another employee's most recent tax filing; owners, officers or managing members who are not active, permanent, full-time employees; and employees participating in an employee welfare agreement pursuant to a collective bargaining agreement. |
| **Dependent eligibility** | • Employee's spouse or civil union partner (see "Civil Union" section below.); if both spouses work for the same company, they may enroll together or separately.<br>• Dependent children of the employee (natural, adopted, under legal guardianship or court-ordered custody), as defined in plan documents and in accordance with state and federal laws, are eligible for coverage up to age 26.<br>• At employer's request, medical coverage for dependent children may be extended to age 31 (New Jersey Law Chapter 375 - Dependents to 31), if the dependent child meets the following criteria:<br>– Has aged-out or is about to age-out of a parent's group health benefits plan issued in New Jersey; and,<br>– is younger than 31 years old, unmarried and has no dependents, and must be beyond the limiting age for eligible dependents under the parent's group health plan; and,<br>– is a resident of New Jersey or is enrolled as a full-time student in an institution of higher education; and,<br>– is not provided coverage under any other group or individual health plan, including eligibility for any government health care benefits program; and,<br>– the adult child's parent must be covered under a group health benefits plan issued in New Jersey. |

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| | • Overage handicapped dependent children who, in the judgment of AHNJ, are incapable of self-support due to mental or physical incapacitation. (Coverage will terminate upon marriage of the dependent.)Domestic partners, only if the employer elects this designation at contract effective or renewal date. (See domestic partner coverage criteria below.)<br>• Dependents must enroll in the same benefit options as the employee.<br>• Dependents must live or reside within the AHNJ network service area. (If the group qualifies for National Access, all out of area dependents with access to Multiplan/PHCS providers are eligible). |
| **Domestic partner (DP) coverage** | • Includes opposite or same sex couples for partnerships established prior to the February 19, 2007 effective date of the New Jersey Civil Union Act.<br>• Groups may choose to offer Domestic Partner coverage to:<br>• same sex couples only<br>• opposite and same sex couples<br>***Note***: Groups may not choose to offer Domestic Partnership coverage to opposite sex partners only.<br>• NJ Dept. of Health and Senior Services documentation (Certificate of Domestic Partnership or Affidavit of Domestic Partnership) will be required.<br>• For an AHNJ member who resides in a state other than New Jersey, the domestic partnership law of the member's state of residence is applicable.<br>• DP coverage may only be added or removed on group's anniversary date.<br>• Must be offered by all in-force carriers in order to add to the AHNJ coverage.<br>• Must be added to all groups within an affiliation.<br>• Must be added to all lines of business – separate group numbers not permitted.<br>• Domestic partners cannot be covered retroactively.<br>• COBRA coverage does not apply to domestic partnerships. If applicable, domestic partners are entitled to coverage under the New Jersey Small Group Continuation law. If the federal government (Department of Labor) issues further guidance on COBRA coverage for individuals with a domestic partner, these underwriting guidelines will be revised to reflect the guidance. As with New Jersey Small Group Continuation law, groups will determine the applicability of COBRA coverage, if applicable, for their employees with a domestic partner. |
| **Civil unions** | • The New Jersey Civil Union Act effective February 19, 2007, requires that civil unions must be treated the same as marriage and coverage for civil union partners is handled under the same provisions as eligible spouses.<br>• For an AHNJ member who resides in a state other than New Jersey, the civil union law of the member's state of residence is applicable.<br>• COBRA coverage does not apply to civil unions. If applicable, civil union partners are entitled to coverage under the New Jersey Small Group Continuation law. If the federal government (Department of Labor) issues further guidance on COBRA coverage for individuals with a civil union, these underwriting guidelines will be revised to reflect the guidance. As with New Jersey Small Group Continuation law, groups will determine the applicability of COBRA coverage, if applicable, for their employees with a civil union. |
| **COBRA** | • COBRA coverage will be extended in accordance with the federal law.<br>• Employers with 20 or more employees (full- and part-time) for more than 50 percent of the preceding calendar year are eligible to offer COBRA coverage.<br>***Note***: COBRA members are not to be included for the purpose of counting employees to determine the size of the group. Once the size of the group has been determined, and it is determined that the law is applicable to the group, COBRA members can be included for coverage subject to the normal underwriting guidelines. |

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| **New Jersey State group continuation (NJSGC) right** | • NJSGC coverage will be provided in accordance with state law.<br>• NJSGC applies to New Jersey small groups, including employers to whom COBRA does not apply, if the employer purchases a small group health benefits plan.<br>• Groups with 20 to 50 employees must comply with both COBRA and NJSGC. |
| **TEFRA** | • TEFRA status is determined based on the total number of employees in a group for 20 or more work weeks in the preceding or current calendar year, as follows:<br>– If a group has fewer than 20 total employees, the at-work, Medicare-eligible (due to age) employees' coverage is considered as Medicare is the primary carrier and AHNJ is the secondary carrier.<br>– If a group has 20 or more total employees, the at-work, Medicare-eligible (due to age) employees' coverage is considered as Medicare is the secondary payer and AHNJ is the primary payer.<br>– For retention business, the TEFRA status is based on the number of employees reported by the group on their annual NJSEH certification form. |
| **Common ownership affiliation (two or more companies affiliated or associated)** | • Common ownership affiliation is based on whether the companies are considered a single employer pursuant to subsections (b), (c), (m), or (o) of Section 414 of the IRS Code of 1986.<br>• Employer will be required to provide a statement from a tax accountant or tax attorney verifying that multiple companies are considered affiliated for federal tax purposes.<br>• Requests for common ownership affiliation are subject to AHNJ Underwriting review and approval.<br>• Employers who have more than one business with different tax identification numbers (TINs) must enroll as one group if the following criteria are met (combined arrangements will not be quoted until sufficient proof of ownership is provided, as outlined below):<br>– One owner, either a single person or business entity, has controlling interest (greater than 50 percent interest) of all businesses to be included; or<br>– Two or more owners who have majority ownership of multiple businesses may also be eligible. Note: All owners should have the same percentage of controlling interest.<br>– Provides proof of ownership (acceptable proof includes copies of IRS Forms 851, 1065 - Schedule K-1, or SS4 – Application for Employer ID, and/or a copy of latest federal tax return – all businesses filed under one combined tax return must be enrolled as one group).<br>– Provides WR30 Employer Report of Wages Paid for each entity and combined census with all eligible from all entities.<br>– Must have common policymaker legally authorized to make benefits decisions for the combined business.<br>– All companies must be in a common or related industry.<br>– Letter from group indicating desire to combine the commonly owned entities.<br>• Subject to underwriting review and approval on a case-specific basis.<br>• Also applies to existing groups wishing to add new businesses under common ownership arrangement (i.e., acquisitions, mergers).<br>• Once common ownership is established and premium rates are provided, the rates must be accepted as presented.<br>• Common ownership groups may later be separated for group coverage only when based on verifiable legitimate business reasons.<br>• If group later fails to meet the above common ownership criteria we are not required to issue a quote.<br>• If the group elects to cover one or more of its businesses through another carrier, the entire group will be subject to cancellation upon renewal. |
| **Prior AHNJ coverage** | • Groups that have been terminated for non-payment by AHNJ will not be eligible to reapply until payment of six months of premium in advance of issuance of health benefits plan. |

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| | • For former AHNJ groups reapplying for coverage, determination of group status will be based on the following criteria:<br>– Groups returning within 12 months of termination will be deemed "renewal" business;<br>– Groups returning more than 12 months following termination will be deemed "new business." |
| **Annual SEH certification process** | – The State of NJ allows for carriers to require all Small Employers offering a group health insurance plan to certify annually that they continue to qualify for SEH benefits.<br>– **Notification Process**:<br>– Annual re-certification submissions will no longer be mandatory for all SEH groups.<br>– The following certification criteria applies to SEH groups effective for November 2015 renewals and forward:<br>– Groups with less than 6 enrolled contracts will not be required to submit an annual re-certification unless an underwriting audit is required or if there is a change in the group's enrollment.<br>– Groups with 6 to 45 enrolled contracts will not be required to submit an annual re-certification unless an underwriting audit is required.<br>– Groups with more than 45 enrolled contracts will be required to submit an annual re-certification.<br>– AHNJ sends notification and certification form to SEH employer groups approximately 90 days prior to the renewal date.<br>– The Certification Form must be received 15 days **prior** to renewal to avoid cancellation of the groups coverage<br>– New business cases of all sizes will continue to be required to submit a certification with all required documentation.<br>– Groups required to recertify must complete the form provided and return it to AHNJ via email, fax or mail (fax number, email and mailing addresses shown on the form).<br>– AHNJ will issue a series of communications to groups not responding or providing incomplete information (including a follow-up, and possibly, termination notification).<br>– Fully executed form must be received by AHNJ at least two weeks prior to the group's anniversary date or the group will be terminated on their anniversary date.<br>– **Termination Process**:<br>– AHNJ may terminate a group for non-compliance or non-response to the required certification form, effective on the group's anniversary date.<br>– Groups that no longer qualify to be a Small Employer according to NJSEH criteria will be so notified by AHNJ and:<br>– will be reviewed for possible large group conversion or non-SEH health insurance; and,<br>– if not eligible for other AHNJ group coverage, groups will be terminated on their anniversary date.<br>– **Reinstatement Process**:<br>– All requests for reinstatement are subject to AHNJ underwriting approval.<br>– Groups seeking reinstatement must prove they continue to meet the NJ SEH eligibility criteria via an acceptable certification form and provide additional verification (WR30 tax information), if needed.<br>– Groups terminated for non-response may be reinstated if the group submits an acceptable certification form within 15 days of the group cancellation date.<br>– If an acceptable certification form is received after 15 days of the group's cancellation date, reinstatement is subject to underwriting and marketing management approval.<br>– Customers and brokers may inquire about the status of the certification form by calling the following certification hotline: 215-640-7573.<br>– Additional contact options are as follows: Email: NJSEH-Cert@amerihealth.com and FAX: 215-238-7940. |

**Note**: At time of the certification process, AHNJ Underwriting may, at their discretion, require groups to provide acceptable proof of business and/or proof of employment for all employees – see *Pre-sale documentation required* section of these guidelines for details.

## Rating Information

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| **Underwriting for SEH groups** | • Groups will be given community-based member level rates adjusted for the following factors: age, family size and employer geography.<br>• Group Size: Applies to SEH customers |
| **Situations requiring rate quote submission through AHNJ account executive** | • A change in anniversary date:<br>  – Documentation Required: Letter from group (on customer letterhead).<br>• A material change in the census (for example, purchasing a new entity):<br>  – Documentation Required: Proof of common ownership (see "Common Ownership" rules under Eligibility Requirements section of this document).<br>  – Requires approval by Underwriting.<br>• A change in the location of the group or employees<br>• All off-anniversary benefit change requests<br>• Non-standard requests not viewable as alternatives to renewals on ROAM. |
| **Documentation required when submitting a rate quote request** | **Existing Business:**<br>• Requested plan design<br>• NJ SEH Certification must be received and in good standing.<br>• If adding new contracts totaling more than 10 percent of existing population, refer to New Business requirements outlined below.<br>**New Business:**<br>• Name of existing insurance carrier<br>• Length of time with current carrier<br>• Employer contribution (percentage)<br>• Detailed census at the member level – in spreadsheet format – must include the following:<br>  – Name (surname required)<br>  – Date of birth (MM/DD/YYYY)<br>  – Zip code<br>  – Gender<br>  – Relationship to employee<br>  – Waivers (valid waivers are listed in the *Participation Requirements* section of these guidelines)<br>  – Opt-outs (eligible members not electing coverage and who are not covered under another plan)<br>  – Date eligible for coverage for employees who are in a probationary period |
| **Benefit changes (adding a new plan or changing an existing plan)** | **All benefit change requests must be submitted to AHNJ at least five business days prior to the effective date of the change**. In addition, the following provisions apply:<br>**Twelve-month rule:**<br>Benefit changes may not occur until the most recently purchased health benefit plan, network or rider has been in effect for at least 12 months.<br>**Exceptions**:<br>  – On-anniversary changes/adds;<br>  – Total takeovers (see section below)<br>  – Requests to add a plan for new hires reviewed on a case-by-case basis<br><br>**On- anniversary benefit changes:**<br>• Renewal census will be used (exception: A total takeover quote -- see section below).<br><br>**Off-anniversary benefit changes:** (subject to the provisions of the 12-month rule)<br>• Off-anniversary benefit changes are limited to downgrades or adding a plan of lower value. |

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| | ***Note***: Adding benefits applicable only to new employees or to existing employees/dependents that have experienced a qualified life event (for example, adding National rider access) is not considered a benefit change. A carve-out letter may be required.<br>• Requests for off-anniversary changes must be sent to AHNJ Underwriting 75 days (or more) in advance to ensure our customers receive an updated summary of benefits and coverage as required by the Affordable Care Act at least 60 days prior to the effective date of the off-anniversary change.<br>• **Adding a new plan/Changing an existing plan**: All rates will be based on the effective date of the new plan added or of the plan change implemented. |
| **Total takeovers** | • **Definition**: A group that has existing coverage with both AHNJ and another carrier and wishes to roll their other-carrier coverage into AHNJ.<br>• The anniversary date of the group will not change.<br>• The end date of the total takeover quote will be the upcoming anniversary date of the group.<br>• If the total takeover occurs off anniversary, rates will be based on the quarter corresponding to the effective date of the change. |
| **Requests to change group anniversary date** | • Requests to change anniversary dates must be submitted to AHNJ underwriting for review and approval.<br>• Underwriting will review the group to assure that it is a valid SEH case (exceptions should not be granted for groups that no longer meet SEH criteria).<br>• If the request is approved by Underwriting, the 12-month rule for benefit changes would not apply.<br>• Groups may change anniversary dates only once per 24-month period. |
| **Guaranteed renewability** | • The NJ SEH law stipulates that the carrier must offer to renew the SEH benefit plan.<br>• The carrier may non-renew a small employer health benefits plan ONLY if:<br>– The employer fails to provide the completed Annual Certification as required;<br>– The employer is no longer eligible because it fails to meet contribution requirements or fails to meet participation requirements;<br>– The employer ceases to be eligible because it consists of a husband and wife only, with no other common law employees;<br>– The employer fails to maintain at least one common law employee; or<br>– Following the approval of the Commissioner of the New Jersey Department of Banking and Insurance, the carrier withdraws the health benefits plan from the small employer market.<br>– In addition, if the small employer has obtained coverage through membership of the business entity in an association, the carrier may non-renew the health benefits plan if the business is no longer eligible for the association membership or the small employer chooses to discontinue membership. Nonrenewal occurs only upon the anniversary date of the coverage and only after appropriate notice is provided to employers.<br>• The carrier may terminate the coverage if the employer fails to pay premiums timely or has acted fraudulently or intentionally made material misrepresentations of information relevant to the issuance of the health benefits plan. Termination can occur immediately. |

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| **Conversions to large group** | • The following guidelines are related to the NJ state law requirements as it applies to SEH groups that exceed 50 eligible employees, which is the maximum threshold for the SEH program<br>– When a small employer grows to more than 50 eligible employees, the carrier is required to renew the small employer policy at the employer's request. The employer may request a large group proposal, but they are not obligated to convert to large group coverage.<br>• If the employer changes their in-force SEH policy in any way, or if the SEH product in which they are enrolled is withdrawn from the market, the employer loses the protections (and restrictions) arising from small employer status entirely. In these situations, the carrier will offer the employer different policies and riders using different rating methodologies, and might apply different participation and different contribution requirements to the employer. |
| **Census rules** | • For new business, the rates are based on the actual enrollment as of the effective date of coverage. |
| **Right to decline to quote** | • AHNJ reserves the right to decline to quote any group, subject to applicable state and federal laws. Such a decision will not be based in any way on the medical condition of the group's members. |

## Product offerings

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| **Benefit plans** | **Benefit plan offerings available**:<br>• Metallic plans (at Bronze, Silver, Gold and Platinum levels) include medical benefits pre-packaged with prescription drug and pediatric vision essential health benefits (EHBs).<br>• Product types include HMO(G), HMO Plus, POS(G) , POS Plus, EPO non-HSA and EPO HSA.<br>• Pediatric dental coverage (EHB) must be acquired by the employer from SEH Pediatric Dental or another carrier. The group will be required to provide AHNJ Underwriting with proof that appropriate dental coverage has been acquired (including when coverage is through SEH Pediatric Dental). Following are acceptable forms of proof:<br>– Copy of dental policy document;<br>– Welcome letter from dental carrier;<br>– Current invoice from dental carrier;<br>– Employer attestation letter.<br>***Note***: The document submitted must include specific references to the pediatric dental coverage.<br>• Supplemental ancillary options include the standalone SEH Pediatric Dental family dental plan and an optional AmeriHealth adult vision plan. |
| **Quoting policy – maximum number of plan options** | **Multiple plan options:**<br>• Employers may select up to four AmeriHealth medical plan options, exclusive of "class carve-out" options.<br>• Options cannot differ solely by Options cannot differ solely by vision benefits.<br>• The number of plan options must be less than the number of enrolled employees.<br>• There must be enrollment in each plan offered.<br>**Class carve-out options:**<br>• Qualifications:<br>– The distinction must be by one of the following specific classes or categories of employees (subject to state and federal requirements): Salary versus hourly employees; full-time versus part-time employees; management versus non-management; union versus non-union; owners versus non-owners; or, New Jersey versus out-of-state employees.<br>– Underwriting reserves the right to request any documentation necessary to verify employee classifications.<br>– If EPO and/or Value Network options are selected, then the specific underwriting guidelines defined for those options would apply.<br>– Groups of two enrolled employees cannot have a class out option (see Multiple Plan Option criteria above.)<br>• Maximum of two classes – with up to four options per class<br>***Qualifier:*** Subject to the above conditions, AHNJ will comply with the coverage classifications requested by the customer, **but approval of such request is not a representation by AHNJ to the customer that the requested classifications comply with applicable laws/regulations.** The customer should consult with its own legal counsel or tax advisor to determine if the coverage classification is permissible under applicable laws/regulations. |
| **High-deductible health plans (HDHP) and HSA-qualified HDHPs** | • **Definition**:<br>– HDHP: Any plan with an in-network deductible of $500 Single/$1,000 Family or higher.<br>– HSA-qualified HDHP: Plans must follow prescribed federal guidelines and requirements, which are updated annually by the IRS<br>• Guidelines for funding deductibles: The employer may not: |

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| | – Fund more than 50 percent of the annual employee/family deductible costs to an HSA ;<br>– Provide a supplemental benefits plan that augments the core health insurance plan;<br>– Pay more than 50 percent of annual employee/family deductible costs through an allowance or claims payment, or;<br>– Provide any combination of the above that causes the total amount funded to be greater than 50 percent of the annual employee/family deductible.<br>• An HSA-qualified HDHP may be offered along with other products, up to the maximum plan offerings (dual plan options) for the size of the group.<br>• HSA-qualified HDHPs: Health Savings Account (HSA) regulations have distinct requirements for prescription drug coverage. Federal requirements for HSA-qualified HDHPs do not allow a separate prescription drug program (or rider) to provide benefits before the HDHP annual deductible is satisfied; therefore, if a plan provides any prescription drug benefit before the annual deductible is met (except in the case of preventive drugs), it is not a qualifying HDHP for a Health Savings Account. |
| **AmeriHealth+ Health Savings Account (HSA Account)** | • Available only with a federally qualified high deductible health plan (HDHP).<br>• Groups adding or changing to an HSA-qualified plan with a non-calendar year contract year benefit period may change to a calendar year anniversary date, which would apply to all products for that group (both HSA and non-HSA) |
| **Commit2Wellness Rewards** | • Provided at no additional cost to the employer.<br>• Incentive-based program allows members to earn “dollars” for healthy behaviors and redeem them for gift cards.<br>• Eligible members include all enrolled commercial group members, their covered spouses and dependents age 18 or older. |

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| **AHNJ service area (network options)** | • The following network options are only available to eligible employees that live, work, or reside in the AHNJ service area.<br>• **Regional Preferred network:**<br>– New Jersey (all counties); and,<br>– Pennsylvania: The five-county Greater Philadelphia area (Bucks, Chester, Delaware, Montgomery and Philadelphia counties) and the four contiguous counties of Berks, Lancaster, Lehigh and Northampton; and,<br>– Delaware (all counties).<br>• **Local Value network:** Access to a sub-set of providers, located in the State of New Jersey, within the Preferred network (does not include any providers in Pennsylvania or Delaware).<br>– Not available in Hunterdon County.<br>• **Tier 1 Advantage network:**<br>– Tier 1 consists of a sub-set of facility providers within the Value network.<br>– Tier 2 consists of all other providers in the Value network.<br>– Not available in Hunterdon County.<br>• **Community Advantage Network:**<br>– Tier 1 consists of all Cooper Health System, Shore Medical Center, Meridian Health and Cape Regional Medical Center facilities and affiliated professional providers.<br>– Tier 2 consists of all other providers in the Value network.<br>– Available in the following counties: Camden, Burlington, and Gloucester Atlantic and Cape May counties.<br>**Note: Members in this network also have access to the providers in the AmeriHealth Advantage network.**<br>• **AmeriHealth Advantage Network:**<br>– Tier 1 consists of all Cooper Health System, Shore Medical Center and Meridian Health, Cape Regional Medical Center facilities and affiliated professional providers.<br>– Tier 2 consists of all other providers in the Value network.<br>– Available in Monmouth and ocean counties.<br>**Note: Members in this network also have access to the providers in the Community Advantage Network** |
| **National Access Benefits** | • **National Access Rider:**<br>• Expands the Preferred network to include access to the Multiplan/ PHCS national provider network.<br>• Once the group qualifies as eligible for National Access, all out of area employees that meet the definition of an eligible employee are considered eligible.<br>***Note*:** Members enrolling in a product that does not offer national access must live work or reside in the AHNJ Service area |

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| **AHNJ Guest Advantage (GA)** | **<u>Overview</u>:**<br>• Guest Advantage is a courtesy service to members on plans without national access, at no additional cost to the employer or member.<br>• Currently offered to:<br>– Dependents actively enrolled fulltime in college or university outside of the network service area.<br>– An employee traveling outside of the network service area for more than 90 days (3 months) but less than 180 days (6 months).<br>***Note***: There must be a 6 month gap between renewals. Guest advantage renewals are only allowed once a year.<br>– Dependents living apart from the primary subscriber, when medical coverage is required to be provided by court order. Although this is a filed criterion it is not to be promoted or encouraged. If enrolled, it should be considered a temporary solution for up to 12 months and not renewable.<br>**<u>Guidelines</u>:**<br>• Guest Advantage services are designed as a short-term solution, not a permanent alternative to national access.<br>• If the member is part of a group plan that offers a plan with national access, then the member will be denied enrollment into Guest Advantage. An exception to this rule is, if the member wants to enroll into Guest Advantage off anniversary, then we will allow enrollment, since the member can't make an off anniversary plan change. We will allow them to enroll in Guest Advantage until their anniversary date. Upon anniversary, the member will be removed from the Guest Advantage program and should move into the national access option.<br>• Members on individual coverage will not be offered Guest Advantage.<br>• College students should only be given Guest Advantage services during the academic school year. They must be required to show proof of enrollment from school every year. If they require summer coverage, they must show proof of their continued enrollment or temporary work arrangement for the summer.<br>• For members traveling for work purposes, this is meant as a short-term coverage. Members should provide a start date and end date for their Guest Advantage services, along with a letter from their employer validating their travel time. All contracts must be for members traveling more 90 days (3 months) but less than 180 days (6 months). The Guest Advantage member is allowed to renew their coverage but there must be a 6 month gap between renewals; Guest Advantage coverage should only be allowed once a year<br>• Long-term traveler and seasonal residency are not valid criteria for Guest Advantage.<br>• Guest Advantage services are only available within a 45 mile radius of the Guest Advantage enrollee's residence for which they were approved.<br>• AHNJ Underwriting must approve all applications for enrollment in Guest Advantage. |

## Pre and post-sale submission requirements

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| **Post-sale enrollment requirements** | • Rates quoted are conditional pending receipt, review and acceptance of the standard submission requirements.<br>• All offerings are subject to final underwriting review and acceptance. Additional guidelines and policies may apply. |
| **Pre-sale - new business documentation required** | **New business:**<br>• For groups with less than five enrollees, employers must provide both proof of business and proof of employment for all employees.<br>• For groups with five or more, proof of business and/or proof of employment for all employees may be requested, at AHNJ Underwriting Department discretion.<br>**Existing business:**<br>• Proof of business and/or proof of employment may be requested at time of certification, at AHNJ Underwriting Department discretion. Please see *Annual SEH certification process* section of these guidelines for more information.<br><br>Following are acceptable forms of proof of business and proof of employment:<br><br>**Proof of Business:**<br>• Schedule C, Schedule K-1 or Schedule F<br>• IRS Form 1120 (Corporate Income)<br>• IRS Form 990 (Tax-exempt return)<br>• IRS Form 941 (Non-profit)<br>• Business license<br>• CPA letter or letter from an attorney (on exception basis only, subject to underwriting approval). Note: This letter should be on either the CPA's or attorney's letterhead and should state that the group is compliant with the New Jersey Small Employer Health requirements for group coverage and meet the requirements of a single employer as specified under Section 414 of the IRS tax code of 1986.<br>• New Jersey WR30 (Employer Report of Wages Paid) – subject to the following conditions:<br>– If the WR30 contains a PO Box address, additional proof of business must be submitted indicating the business street address.<br>– If business name on WR30 does not match business name on the application, additional proof of business indicating the business name must be submitted.<br>– If a discrepancy on the WR30 requires clarification, additional proof of business may be requested by Underwriting.<br>• For newly formed business only:<br>– Articles of Incorporation, Certificate of Formation, Certificate of Incorporation (signed and completed with a stamp or receipt with issuing date)<br>**Proof of Employment:**<br>• New Jersey WR-30 (Employer Report of Wages Paid) – subject to the conditions listed above under "Proof of Business"<br>• W-2 (if recent)<br>• W-4 (for new hires only)<br>• Payroll documents showing taxes taken out<br>• Schedule C, Schedule K-1 or Schedule F (for owners only) IRS Form 2106 (Employee Business Expense)<br>• CPA letter or letter from an attorney (on exception basis only, subject to underwriting approval) |

| Group terminations and reinstatements | |
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| **Termination process** | • Any terminations will be in compliance with federal Patient Protection and Affordable Care Act regulations.<br>• Group may terminate coverage on contract anniversary date, with at least 30 days' advance written notice to AHNJ.<br>• Retroactive termination requests:<br>  – Requests submitted within 30 days of the requested termination date can be submitted through ROAM. If any claim payments were made during the retroactive period, the request may be declined.<br>  – Requests beyond 30 days of the requested termination date will require underwriting approval with a copy of the original dated termination notification, a copy of the replacement carrier's first month premium invoice or welcome letter, and verification that no claims were paid on behalf of the client.<br>• AHNJ may terminate the group's coverage for nonpayment of premium, upon written notice, effective the last day of the 31-day grace period.<br>• AHNJ reserves the right to terminate a group's coverage off-anniversary if the group fails to meet AHNJ's underwriting guidelines, including but not limited to material changes in the groups organizational structure, non-compliance resulting from Underwriting audit, failure to pay premiums, or fraud.<br>• Groups that fail to meet participation requirements may be terminated on anniversary.<br>• AHNJ may terminate NJSEH group coverage for non-compliance or non-response to the required annual small employer certification form. In such instances, termination will be effective on the group's Anniversary date. |
| **Terms and conditions upon termination of coverage** | • The group is responsible for all due but unpaid premiums, including premium due during the grace period.<br>• When active group is terminated, all COBRA groups and overage-dependent groups must also be terminated.<br>• Any terminations will be in compliance with the Patient Protection and Affordable Care Act regulations. |
| **Reinstatement of coverage** | • A NJSEH group seeking reinstatement must recertify that they continue to meet the eligibility criteria for SEH benefits.<br>• The group must complete and return the NJSEH certification form and provide additional verification, if needed. This provision applies to groups terminated from coverage due to nonpayment of premium or non-response to the certification form.<br>• Reinstatement must occur within 60 days of the effective date of cancellation.<br>• Must be retroactive to the cancellation date<br>• Any past-due premium must be paid prior to reinstatement<br>• Upon satisfaction of the above conditions, AHNJ Underwriting will review the case and make a final determination whether or not to approve reinstatement and applicable rate level.<br>• Limited to one reinstatement per year.<br>• Any reinstatements will be in compliance with the Patient Protection and Affordable Care Act regulations. |

# Defined contribution products

**Defined Contribution Products**

- **Overview:**
  - Defined Contribution allows an employer to fund a specific dollar amount for each employee to use to purchase health care benefits.
  - The employer selects a portfolio of plans to offer their employees.
  - Each employee can then make a health plan selection within this portfolio that best meets his/her health care and financial needs. The employee is responsible for funding the balance of any premium cost above the employer's contribution.
  - Employers will be allowed to select one (1) defined contribution product (one portfolio of plans) from the predetermined defined contribution offerings.

- **Employer Contribution:**
  - The employer must contribute a minimum of 10 percent of the cost of the highest cost plan within a selected portfolio.

- **Benefit Changes *(adding a new plan or changing an existing plan)***:
  - All benefit change requests must be submitted to AHNJ at least 15 business days prior to the effective date of the change.

- **Off-Anniversary Benefit Changes:**
  - Groups currently enrolled with AHNJ can move into a defined contribution product off anniversary.
  - Groups are permitted to change portfolio selection off anniversary.
  - Employees are not permitted to change plans within their group's selected product portfolio off-anniversary.
  - Request for off anniversary changes must be sent to underwriting 75 days (or more) in advance to ensure our customers receive an updated summary of benefits and coverage as required by the Affordable Care Act at least 60 days prior to the effective date of the off-anniversary change.

  *Off-anniversary changes are subject to the provision of the 12-month rule (refer to the Benefit Change provisions outlined in the Rating Information section of the AHNJ Underwriting Guidelines).*

- **Product Offerings:**
  - The defined contribution product portfolio may include some combination of the following AHNJ medical plan products: HMO, POS, HMO plus, POS plus, EPO, and HSA plans. All products listed are not available in all defined contribution plan options.
  - Select defined contribution health plan options may differ solely by any one or a combination of the following variations: Network, referral option, or out-of-network benefits.
  - If vision is offered, it must be offered on all eligible health plans within the selected product portfolio.
  - All plan options within the selected portfolio are available to all employees regardless of the number of employees enrolled in each plan. For example, a group of two (2) can enroll in a portfolio that offers four (4) plan options but enrollment is not required in each plan.
  - Defined contribution products cannot be offered to employees alongside non-defined contribution product offerings.

***Note:*** *Other than the specific guidelines for defined contribution products described in this section, the Small Employer Health AHNJ Underwriting Guidelines generally apply to defined contribution products*.

## Small Business Health Option Program (SHOP) Groups

*This section applies to groups that elect to purchase Amerihealth SHOP products. Other than the specific guidelines for SHOP products described in this section, the Small Group Underwriting Guidelines generally apply to these groups.*

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| **Product Offerings** | Groups are allowed multiple plan options which will include medical, prescription drug, and pediatric vision benefits. ***Note***: Multiple plan options must be selected from the same metallic suite. |
| **Off-Cycle Benefit Changes** | Benefit changes and employee contributions may only be changed at the time of the group's annual open enrollment period as defined by the federal Patient Protection Affordable Care Act (PPACA). |
| **Small Business Tax Credits** | • Small business tax credits may be available to small groups who qualify.<br>• Small groups who plan to claim the small business tax credits must complete a SHOP health coverage application and submit it to the Health Insurance Marketplace.<br>• An official eligibility determination from the SHOP Marketplace is required in order to claim the small business health care tax credit. |
| **Audits** | • Groups that purchase SHOP products will be subject to a concurrent or post-enrollment audit to ensure all underwriting and federal compliance guidelines are met.<br><br>***Note***: A Small Employer Health group application must be completed and submitted to AmeriHealth New Jersey (AHNJ) to qualify for AHNJ small group coverage. The above SHOP guidelines are not intended to be all inclusive, additional federal and or state guidelines may apply. |