

# 2020 SMALL BUSINESS UNDERWRITING GUIDELINES



[rmhp.org](http://rmhp.org)



**ROCKY MOUNTAIN**  
**HEALTH PLANS**



# RMHP Underwriting Guidelines are provided to assist you with enrolling small businesses through Rocky Mountain Health Plans.

## Small Employer Groups

A small employer is a person, firm, corporation, partnership or association actively engaged in business that employed at least one and not more than 100 **eligible employees**, including full-time equivalents, on business days during the immediately preceding calendar year. In order to be a “small employer,” the firm, corporation, partnership or association cannot have been formed primarily for the purpose of purchasing insurance. If the small employer was not in existence throughout the preceding calendar quarter, whether the employer is a small employer will be determined based on the average number of employees the employer is reasonably expected to employ on its business days in the current calendar year.

The definition of an “**eligible employee**” does not include the following employees if there are no non-owner/partner employees that work for the business.

- temporary or substitute employees
- an owner and spouse
- a partner in a civil union of a business wholly owned by such individuals
- a partner in a partnership and his/her spouse/partner in a civil union

**General Rule:** In order to qualify as a “group health plan” under ERISA, an employer must have at least one common law employee that is eligible and enrolled in addition to an owner and the owner’s spouse.

- **Corporations and LLC/PLLC:** A corporation with at least two owners who are not spouses may qualify as a group health plan as long as they are working full time for the company. If there is only one owner and/or owner and spouse eligible for coverage it is not a group plan.
- **Sole Proprietor:** If the owner and his/her spouse are the only eligible and enrolled, it is not a group plan unless there is a least one other common law employee eligible and enrolled in the group plan.
- **Partnerships:** If only partners and/or partners and their spouse are enrolled, they are not a group plan unless there is a least one other common law employee eligible and enrolled on the group plan.
- Common Law Employee-W-2 or 1099 employee.
  - A group may have an eligible 1099 employee as the enrolled common law employee, with the signed employer 1099 attestation form.

## Determining Group Size

The Colorado Division of Insurance defines a small business as an employer with at least one and up to 100 full-time employees (including full-time equivalents).

- The definition of a full-time employee is an employee who works at least 30 hours per week.
- Part-time/seasonal employee hours worked, when aggregated are considered “Full-Time Equivalents”.

## Calculation to determine group size:

- The combination of full-time employees and full-time equivalents determine if you are considered an Applicable Large Employer (ALE).
- Full-Time Equivalents are determined by calculating the aggregate number of hours worked by all employees who were not full-time each month and divide by 120 (30 hours x 4 weeks).
- Sum the number of full-time employees + number of full-time equivalents (FTEs) for each month in the preceding year and divide by 12.

## Rating Methodology

Small Businesses will have two rating options for their small group health coverage:

### AGE RATES

- Each member of the group will be rated according to their age.
- Premiums will be summed up for the employee, spouse, dependent children between the ages of 21 and 26 and the three oldest dependents under 21.

### COMPOSITE RATES

To establish composite rates, the group's total premium (as calculated using the method above) will be allocated to covered employees based on the tier factor applicable to each employee's family composition. All carriers will use the following standard tier definitions and factors:

- a. Employee Only = 1.00
- b. Employee and Spouse = 2.00
- c. Employee and Child(ren) = 1.85
- d. Employee, Spouse, and Child(ren) = 2.85

Factors that may affect premium rates include:

- Plan design and the addition/deletion of employees and/or dependents.
- Rates will be based on the county where the employer has its main place of business. Employers whose address changes to a different rating region will experience a rate change on their anniversary.
- Rate changes for enrolled members will occur on the anniversary only.

RMHP will maintain our HMO grandfathered plans in 2020. Employers offering these plans will maintain their existing rating methodology of composite or age-banded rates.

## Employer Group Product Lines

Rocky Mountain Health Plans offers a broad selection of plan designs to accommodate your employer group needs. For more specific and detailed information about these products, contact your RMHP account executive or check our website: [rmhp.org](http://rmhp.org).

### Plans Underwritten by Rocky Mountain HMO

- Rocky Mountain Summit HMO Plans (Offered Statewide)
- Monument Health PPO Plans and Monument ONE HMO Plans (Offered in Mesa County)\*
  - Employer's primary location must be in Mesa County to enroll.
  - Employees who work in Employer's primary location in Mesa County are eligible to enroll.
- Rocky Mountain Peak HMO and Peak Choice EPO Plans (Offered in Summit County)\*
  - Employer's primary location must be in Summit County to enroll.
  - Employees who work in Employer's primary location in Summit County are eligible to enroll.
- Rocky Mountain Range Regional HMO Plans\*
  - Employer's primary location must be in Archuleta, Delta, Dolores, Grand, Gunnison, Hinsdale, Jackson, LaPlata, Moffat, Montezuma, Ouray, Rio Blanco, Routt, San Juan, San Miguel
  - Employees who work in Employer's primary location are eligible to enroll.
- Rocky Mountain Canyon Regional HMO Plans\*
  - Employer's primary location must be in LaPlata, Archuleta, Dolores, Montezuma, San Juan counties.
  - Employees who work in Employer's primary location are eligible to enroll.

\*Regional Plan enrollment is based on small employer's zip code.

## Application Deadlines for Small Employer Groups

Complete small Employer Group applications must be received before the last day of the month prior to the effective date.

## Coverage Effective Date

With payment of premiums, a new group's coverage will be effective the 1st of the month following the application deadline. (All necessary documentation must be received and approved by the deadline; otherwise, coverage will be deferred until all documentation is received and approved.)

## New Group - Prior Deductible Credit

RMHP will provide credit for deductibles and out-of-pocket covered expenses\* paid by each enrolled Member under a prior plan for the current calendar year. RMHP will apply the credit directly to the Member who has incurred the costs. Documentation of deductible/out-of-pocket amounts paid from the prior group health plan is required for each Member within 45 days from the effective date of the group.

\* Deductible only credit will be applied for each enrolled Member enrolling in an HSA-eligible group plan.

## Underwriting Rights Reserved


The health plans reserve the right to decline and/or defer any new business application that does not meet underwriting criteria, except where prohibited by law.

## National Access Available for Select HMO & PPO Products

UnitedHealthcare's Option PPO national network is an extension of the RMHP statewide network to enrolled Members on the following RMHP products. Reference the table below for specific Member access by product.

Rocky Mountain Summit	Rocky Mountain Range
Rocky Mountain Canyon	Monument Health PPO

Employer groups enrolled in RMHP's Summit HMO plans (or other statewide network plans) can enroll employees in the health plan who live and work out of state. *See access criteria below.*

Plan Type	Who has access?	Access
Monument Health PPO Plans	Employees who permanently reside in Colorado All Covered Dependents	 <p>UnitedHealthcare's Option PPO national network is an extension of the RMHP statewide network. Care received from Options PPO providers (outside of Colorado) will be covered as an in-network benefit subject to Pre-Authorization provisions.</p>
Rocky Mountain Range and Canyon Plans	Employees who permanently reside in Colorado All Covered Dependents	
Summit/Statewide Group Plans	Employees who permanently reside in Colorado All Covered Dependents  Out-Of-State Employees following access criteria: <ul style="list-style-type: none"> <li>• <b>Small Group (1-100 employees)</b> – maximum of 50% of enrolled employees can be covered outside of Colorado</li> <li>• <b>Large Group (101 or more employees)</b> – maximum of 50% of enrolled employees can be covered outside of Colorado</li> <li>• <b>Regional HMO/PPO Plans NO OUT OF STATE EMPLOYEES ALLOWED</b></li> </ul>	

# Employer Group Enrollment Guidelines

## The following documentation is required when submitting an application

- Group Application
- 1st Month's Premium
- Tax & Wage Documentation (see Tax & Wage Requirements)
- Common Ownership Attestation (see Controlled or Affiliated Service Groups)
- Colorado Uniform Employee Applications
- Waivers (for eligible employees declining coverage because they have individual plan coverage, include copy of other coverage ID card.) Waivers are on page two of the Colorado Uniform Employee Application.
- Dependent Waivers (include spouse waiver if both are employed by same company and enrolling separately). Waivers are on page two of the Uniform Employee Application.
- Common Law Spouse, Domestic Partner Affidavit, Designated Beneficiary Certification, if applicable
- Disenrollment Forms, if applicable (for employee cancelling other RMHP coverage)
- COBRA/Continuation of Coverage Forms (Employer group must notify all participants of the plan change)
- Complete listing of all eligible employees and dependents

## Tax and Wage Documentation

For groups with 1-10 eligible employees, RMHP requires the Unemployment Insurance Tax Report (UITR) and the supporting Quarterly Report of Worker Wages. Each applying employee must appear on UITR showing income of at least minimum wage for the established eligibility hours. For employees not appearing on the UITR, write name on UITR and submit proof of current employment (example: paystub, W4). Number of hours worked per week by each employee must also be written on the UITR.

For groups with 1-100 eligible employees with only one employee enrolling for coverage in the health care plan, the employer must submit the (2) most recent quarterly state Unemployment Insurance Tax Reports (UITR) to substantiate the employer had one or more eligible employees working a minimum of 30 hours a week.

If the owner of the business does not appear on the UITR, the following documents will be required, listed in order of priority: W2 form — if not available, RMHP will accept:

- Owner tax schedule that applies (i.e., C, E, F, or SE) — if not available, RMHP will accept
- Copy of owner draws

If none of the above items are available, RMHP requires a copy of the Articles of Incorporation along with other documentation to substantiate eligibility for group coverage. Please contact your RMHP Account Executive to determine the specific documentation that should be submitted with your application.

## Controlled or Affiliated Service Groups

The IRS allows for businesses that are Controlled Groups or Affiliated Service Groups to enroll in group health coverage under one business. RMHP will allow these businesses to enroll under one Group Service Agreement. The RMHP "Controlled or Affiliated Service Groups Attestation" must be submitted to Underwriting at time of enrollment.

# General Enrollment Guidelines

## Waiting Periods

Waiting periods may not exceed 90 days from date of hire. Federal guidelines allow an employer to introduce an additional orientation/training period to their current waiting period not to exceed 30 days. RMHP will allow a maximum waiting period of the first of the month following three months from date of hire when the employer includes the orientation/training period. RMHP will allow the first of the month following two months from date of hire as the longest waiting period when no orientation/training period is established by the employer.

The effective date of new hires will follow the waiting period criteria in place on the employer's anniversary.

## Eligibility Criteria

The employer group specifies how many hours per week an employee must work to be eligible, however eligible employees must have a regular work week of at least 24 hours per week.

Employer groups will have the option to designate who is eligible for their employer sponsored RMHP health plan. RMHP will accept the following scenarios:

- Exclude Dependent Spouse/Partner
- Exclude Dependent Children\*
- Exclude Dependent Children and Dependent Spouse/Partner\*

\*Applicable Large Employers (ALEs) could face penalties in accordance with federal law if minimum coverage is not offered to dependent children.

## Participation Requirements

- 50 percent of all eligible employees must participate in the plan.

Eligible employees waiving coverage for reasons other than having other group creditable coverage will be counted in determining participation requirements. Any eligible employee waiving group coverage because he or she is already covered by a group or by an individual plan that has been consistently maintained and that was in force prior to the employee's eligibility for group coverage will not be counted to meet participation requirements. RMHP will request a copy of their Member ID or billing statement to verify enrollment date on the Individual plan.

## Contribution Requirements

Employer must contribute at least \$50 per employee per month. In the case of a small employer group offering multiple option plans, the employer will be required to contribute at least \$50 for each employee of the lowest option plan.

Employers who do not meet participation and/or contribution requirements are eligible to apply for group coverage with Rocky Mountain Health Plans during a Special Open Enrollment period occurring between November 15th and December 15th with coverage effective on January 1st.

## Residency Requirements

Employees who reside outside of Colorado must meet this access criteria:

- Small Group (1-100 employees) – maximum of 50% of enrolled employees can be covered outside of Colorado.
- Large Group (101 or more employees) – maximum of 50% of enrolled employees can be covered outside of Colorado
- **Regional HMO/PPO Plans - NO OUT OF STATE EMPLOYEES ALLOWED**

## Geographic Locations

Rocky Mountain Health Plans is a Colorado health carrier that offers health coverage in all counties of Colorado. Small employer groups that have offices in more than one location in Colorado may apply to RMHP as a carrier for all locations or for a specific location subject to underwriting review and approval. When applying for a specific location, all eligible employees can only be offered RMHP. RMHP will not coexist with another health plan in the small group market.

Rates will include the geographic factor based on the main Colorado physical location of the business.

## Multiple Option Offerings

Small employer groups have the option of a multiple plan choice arrangement. Employers may select any number of RMHP's Health Plan options available within their service area.

## Use Our Website at [rmhp.org](https://rmhp.org)

To get up-to-date application or enrollment forms, Summaries of Benefits and Coverage (SBCs), product information, see our drug formulary, view our provider directory, or to e-mail our sales or servicing staff, visit our website at [rmhp.org](https://rmhp.org).

## How to Obtain an RMHP Small Group Quote

- 1 Call your RMHP Account Executive
- 2 Email [rmhpsales@rmhp.org](mailto:rmhpsales@rmhp.org)
- 3 Visit <https://login.rmhp.org> to log in to RMHP's online broker portal, accessRMHP