

Healthfirst Insurance Company, Inc. Participation & Eligibility Requirements

Small Group 1–100



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Underwriting guidelines are subject to change without notice.

<p>Group Eligibility:</p>	<p>To be eligible for small group coverage, a group must be in New York State and have employees who live, work, or reside in the Healthfirst Insurance Company, Inc. service area:</p> <ul style="list-style-type: none"> ■ Manhattan ■ Richmond ■ Queens ■ Brooklyn ■ Bronx ■ Nassau ■ Suffolk ■ Westchester ■ Rockland <p>A group must have had between 1 and 100 FTE employees over the prior calendar year.</p>
<p>Group Size Requirements:</p>	<p>Group size is determined based on the federal “full-time equivalent” (FTE) employee counting method (26 U.S.C.4980H(c)(2)) for the preceding calendar year. This method is the same calculation used to determine employer liability under the “Shared Responsibility for Employers” provisions of the Affordable Care Act (ACA) and Internal Revenue Code.</p>
<p>For purposes of determining the full-time equivalent employee count:</p>	<ul style="list-style-type: none"> ■ Group size is determined based on the average number of employees employed by the employer on business days during the preceding calendar year. Group size determination is made on renewal. Fluctuation in size of the group mid-year does not affect eligibility. ■ This method counts all employees working for entities under common control under a single employer (includes all subsidiaries and affiliates of a corporate employer). ■ Full-time (at least 30 hours/week in any given month), and part-time employees, along with seasonal workers, are counted. Seasonal workers working fewer than 120 days in a year should be excluded from the FTE count only if their inclusion will cause the group size to exceed 100 FTE employees (i.e., triggering small group to be large group). ■ Employees who are not enrolled in the group’s coverage are counted to determine group size. This includes, but is not limited to, employees who: <ul style="list-style-type: none"> ○ are part of a class of employees that is not covered or is covered by another carrier; ○ receive coverage through their union rather than the employer-sponsored coverage; ○ have waived employer coverage and selected other non-employer coverage; or ○ are located in another state.

<p>The following are not counted to determine group size:</p>	<ul style="list-style-type: none"> ■ Any person who does not meet the common-law employee definition under Department of Labor and Internal Revenue Code rules. Examples may include former employees who are covered through retiree benefits, the Consolidated Omnibus Reconciliation (COBRA), or state continuation. We will require the employer to certify that these common-law employee requirements are met. ■ An individual business owner and his or her spouse (typically known as “sole proprietors”) are not considered employees when there are no other eligible employees. To qualify as a “group,” at least one common-law employee must be eligible for and be enrolled in the group health coverage. ■ Owner-only groups with no common-law employees. (For purposes of underwriting, an owner is not considered a common-law employee.) ■ A business owner and his or her spouse are not considered a group of one (1) and will need to purchase individual coverage. For purposes of determining the existence of a group, spouses are not considered employees even if they are on the payroll. ■ Partnerships – There must be one common-law employee eligible for coverage for a partnership to be considered a group health plan. (A plan with multiple owners and spouses without employees is not considered a group.) ■ Special rule for corporations (LLCs, S, and C Corporations) – An eligible common-law employee is not required if the corporation has at least two owners who are not married to each other.
<p>Overall Group Participation:</p>	<p>The small group annual open enrollment period applies to coverage issued or renewed between November 15 and December 15, and to coverage applied for between November 15 and December 15 with an effective date of January 1.</p> <p>A group must meet Healthfirst’s 60% participation threshold outside of the annual open enrollment period. The 60% threshold will be determined by multiplying the number of eligible employees by .60 and rounding fractions down to the nearest whole number. Valid waivers of coverage (as described in Required Documents for 1–100 Small Groups) will be used to calculate the group’s minimum participation requirements outside of the annual open enrollment period.</p> <p>Participation Formula:</p> <p>Participation % = [(# of employees enrolling + # of valid waivers)/total eligible employees] * 100%</p>
<p>Employees’ Eligibility:</p>	<p>Healthfirst Insurance Company, Inc. group products cover employees and their eligible dependents. Employees and former employees who meet the below requirements can enroll. Enrolled employees and former employees must live, work, or reside in Healthfirst Insurance Company, Inc.’s service area.</p> <ul style="list-style-type: none"> ■ Eligible employees who may enroll: Active common-law employees who work 20 or more hours per week and are eligible for health benefits under the employer’s group health plan. Active common-law employees include any individual employed by an employer (an employer includes entities under common control under a single employer and includes all subsidiaries and affiliates of a corporate employer). Temporary and seasonal employees are eligible at the option of the employer. This includes a “1099 Employee” who is considered a common-law employee per Department of Labor regulations and the Internal Revenue Code. A common-law definition of employee applies and is based on a case-by-case factual analysis. We may require the employer to certify that these common-law employee requirements are met. (More information on determining whether someone is considered a “common-law” employee is available on the IRS website at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Employee-Common-Law-Employee and at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Independent-Contractor-Self-Employed-or-Employee.)

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Employees' Eligibility:

- **The following are not eligible employees:**
 - any person who does not meet the common-law employee definition under Department of Labor and Internal Revenue Code rules. Examples may include any former employee who is covered through retiree benefits, COBRA, or state continuation;
 - any employee who does not live, work, or reside in the United States;
 - an individual proprietor and his or her spouse ("sole proprietors") when at least one other person is not employed.
- **Eligible former employees who may enroll:** Former employees eligible for COBRA or state continuation may enroll for the period allowed by law. Healthfirst Insurance Company, Inc. does not offer retiree coverage except in those instances where required by Federal law.
- **Valid employer class(es):** An employer may elect to offer coverage to a class of employees based on conditions pertaining to employment: geographic situs of employment, earnings, method of compensation, hours, and occupational duties. Employees who work fewer than 20 hours per week are not eligible employees and may not enroll in any Healthfirst Insurance Company, Inc. products.

Dependents' Eligibility:

- **Eligible dependents:**
 - An employer may elect to offer coverage to dependents. The following dependents may be enrolled in Healthfirst Insurance Company, Inc.'s small group products:
 - Spouses
 - Domestic partners
 - Dependent children until age 26 (regardless of financial dependence, residency, student status, employment, marital status, or eligibility for other coverage) – Any policy that provides family coverage provides coverage for natural children, adopted children, unmarried disabled children, stepchildren, newborn children, children for whom the employee has legal custody and are chiefly dependent on employee for support.
 - Additional eligible dependents
 - Foster children
 - Children for whom the insured is the legal guardian
 - Dependent coverage through age 29 – Under NY law, dependents (except for married dependents) may be covered through age 29 through two different options:
 - Young adult option (COBRA-like coverage elected by dependent)
 - Make-available rider (purchased at the option of employer)

<p>Guaranteed Availability and Renewability:</p>	<ul style="list-style-type: none"> ■ If minimum participation requirements were not applied on issuance of the policy, they will not be applied on renewal. ■ A group must be renewed unless terminated because of the following: <ul style="list-style-type: none"> ○ Fraud or misrepresentation of material facts. ○ Failure to meet an insurer’s service area requirements if no employee lives, works, or resides in the service area. ○ Lapsed membership by a participating group in an association (for association group coverage). ○ Inability to meet the definition of a permissible group under applicable state and federal requirements. ○ Insurer discontinues a class of contracts or withdraws from the market.
<p>Documentation Requirements:</p>	<ul style="list-style-type: none"> ■ All new business contracts take effect only on the 1st of the month. ■ We require documents from new groups as part of a group’s initial enrollment and for groups making changes on renewal. If documents are not provided within the required timeframe, the group will be denied enrollment. Most documentation can be submitted using our online enrollment tool. We also may audit a new or renewing group before or after enrollment/renewal. If a post-enrollment/renewal audit shows that the group did not meet the requirements at the time of enrollment and was not eligible for coverage, the group will be terminated (e.g., not an employer, large group, not in the service area, participation not met, enrollee not an employee).
<p>Required Documents for 1–100 Small Groups:</p>	<ul style="list-style-type: none"> ■ Group Application ■ Valid Waivers of Coverage: Valid waivers of coverage include proof of Spousal/ Domestic Partner group coverage, Medicare, Medicaid, Veterans or TRICARE, COBRA, Parental Coverage, Individual/Family Qualified Health Plan, NY State Essential Plan, and other group coverage. Employees waiving coverage must complete and submit Healthfirst Insurance Company, Inc.’s Waiver of Coverage form. ■ The Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return Form (NYS-45). In the absence of this form, the group must provide Healthfirst Insurance Company, Inc. with alternative tax documentation, such as a 1065, 1120, 1120S, LLC or LLP with Schedule K-1, Schedule E or Schedule C. For new employees not listed on the NYS-45, the group may submit a Form W-4, payroll stub, or cancelled payroll check. ■ Additional documentation may be required upon audit. ■ We also have the right to request at any time proof—documentary or otherwise—of a prospective or covered subscriber’s and/or dependent’s coverage eligibility. Examples of such may include, but are not limited to, documents verifying the occurrence of a qualifying event.

Additional Documentation for Some Small Group Types:

Healthfirst will request these documents from these specific types of groups to determine group eligibility requirements, payroll statuses, and employment confirmations. Failure to provide these documents will not result in denial of coverage, as requiring these documents is not an exception to federally guaranteed availability rights.

■ Religious Organizations:

- Religious organizations must provide a 941 Form (or SS4 if the 941 Form is not available) and current (two weeks) payroll for all employees of the organization. Payroll records must have employee names, wages, and hours, and must match the 941 Form.
- **Exception:** A letter in place of payroll will be accepted only in situations where the priest, nun, or friar does not receive wages or wages are below the wage requirement due to the vow of situation. The tax document 941 Form (or SS4 if the 941 Form is not available) must still be included in this situation.

■ Farms:

- A farm must file a Schedule F and have supporting payroll for all employees. Note: Schedule F must be filed for the current year and list the employer's name and tax ID number.

■ Nonprofit Organizations:

- Nonprofit organizations must provide a 941 Form (or SS4 Form if the 941 Form is not available). Note: An NYS-45 may be accepted in lieu of the 941 Form, and if all current employees are listed, the below requirement of the letter and payroll documentation will be waived.
- A letter from the organization. Note: The letter must confirm nonprofit status, list the employees, and confirm the location of the office where the employees currently work
- Two weeks of current payroll documentation
- Form 990. Note: The form must determine the eligibility for executive directors and directors who do not show payroll
- **Notes:**
 - Nonprofit organizations are not required to file for an FTIN and subsequently do not have to provide one on the group application.
 - An employee is not considered eligible for coverage unless he or she is paid by the nonprofit.

■ United Nations, Missions, Embassies, and Consulates:

- Must submit a letter from the Embassy, Mission, or Consulate listing eligible employees and confirming location of the office where the employees currently work. The letter must be on the company letterhead, including the employees' salaries, hours worked, and signature of management. Note: If the Embassy, Mission, or Consulate employs workers in the United States, tax documentation may be submitted; tax documentation is not required.

Enrollment Periods for Employees and Dependents:

- **Open Enrollment Period:** Employees are permitted to join the plan, add dependents, or make changes (if applicable) during a 30-day open enrollment period, usually at renewal of the group policy.
- **New Employee Waiting Periods:** We do not have waiting periods for new employees. Employers may set a waiting period for new employees of from 0 to 90 days. We must give newly eligible employees an enrollment period of at least 30 days to enroll.
- **Initial Enrollment of Newly Eligible Employees:** Newly eligible employees will be enrolled if the application is received within 30 days from the initial period of eligibility.
- **Special Enrollment Periods:** These are periods of time outside of open enrollment periods during which individuals may purchase coverage. If any of the below events occur, an employee or dependent can enroll during the 30-day or 60-day period following the event. We may request proof of such changes:
 - **Thirty (30) Day Special Enrollment Periods**
 - Marriage or domestic partnership
 - Birth
 - Adoption
 - Placement for adoption
 - Termination of the spouse's employment
 - Termination of the spouse's other plan or benefit contract
 - Death of spouse
 - Legal separation, divorce, or annulment
 - Reduction in the number of hours worked by the spouse
 - Employer ceased its contribution toward the premium for the spouse's plan or benefit contract
 - New employee
 - Change in business structure or acquisition
 - Employer expands coverage to a new class of employees
 - **Sixty (60) Day Special Enrollment Periods**
 - Gaining or losing eligibility for Child Health Plus, Medicaid, or Essential Plan



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