



Small Group (1-100 employees)

Underwriting guidelines

Effective Jan. 1, 2021



Eligibility

Small group eligibility

To be considered for a small group plan through Sharp Health Plan, an employer must meet the following criteria:

- Business licensure and/or appropriate state filings allowing company to conduct business in California.
- A recent DE-9C is required. If owners are not on DE9C, a submission of pertinent legal documentation may be requested. Documentation is subject to underwriting review. Additional information may be required.
- For separate companies with common ownership, groups must have only one DE-9C or provide proof of eligibility to file taxes jointly. Additional documentation may be required.
- Ineligible Categories: Associations, multiple employer trusts, union trusts, Taft-Hartley plans, hour bank groups, and private households are ineligible for coverage.
- Start-up businesses must be active and if a DE-9C is unavailable due to length of time in business, payroll records from a payroll record service will be required. Additional documentation may be required.

Employee eligibility

- Employee/employer relationship must exist. Employer must provide all documents required to establish such relationship. A group's eligible employees cannot be comprised of only owners and their spouses.
- All groups with less than 5 subscribers must submit a stamped and filed Statement of Information (SOI) or a complete current tax filing.
- Employees must work a minimum average of 30 hours. Group can opt to cover part time employees working 20-29 hours a week as defined under California Health & Safety Code Section 1357 (SB 1790).

Employee eligibility, continued

- The employer must choose a waiting period of up to 90 days for all future employees. A different waiting period may be selected for rehired employees, but it must not exceed 90 days.
- 1099 employee must appear on the prior carrier's bill. No more than 25% of the group may be 1099 employees. Form 1040 Schedule C and Form 1099-MISC for the prior year is required. A letter from the employer requesting coverage of 1099 employees is required. A completed 1099 Contractors Verification Form is required.
- Ineligible Employees: Retirees, part time (unless SB 1790 eligible), domestic help, leased employees or employees part of a co-employment PEO relationship.



Guidelines

Service area

- Employees must live or work within the Sharp Health Plan Service Area and provide a physical address upon enrollment. *Please refer to *Sharp Health Plan's Licensed Service Area ZIP Code* document to verify network eligibility.
- Choice and Value Networks: Most ZIP Codes in San Diego and southern Riverside counties.
- Performance and Premier Networks: Most ZIP Codes in San Diego County.
- Southern Riverside groups must take the Choice Network and always have the option of also taking the Value Network.

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Contribution

Employer must contribute a minimum of 50% of the employee only premium. Defined contribution is allowed at a minimum of \$100 per employee. For groups that don't meet this criteria, see the Limited Open Enrollment Period section.

Participation

An HMO: Minimum of 60% participation, excluding any valid waivers. For groups that don't meet this criteria, see the Limited Open Enrollment Period section.

Plans and rates

- Multiple plan options are available:
 - 1-5 subscribers enrolled: Two plans on one network.
 - 6+ subscribers enrolled: Six plans on each of two networks maximum.
- Wrapping with another carrier is available with a minimum of five enrolled subscribers. Multiple HMO plans are allowed. Wrapping alongside a private or public exchange is prohibited.

Plans and rates, continued

- Risk adjustment factor is applicable to Grandfather groups only.
 - 2-5 Subscribers: 1.10
 - 6+ Subscribers: 0.90 - 1.10
 - Special rules may apply if a RAF promotion is offered.
- Composite rates are not available.

Other guidelines

- Class carve-outs must be underwritten by plan, and accepted upon review. Requires minimum of 5 enrolled and 100% participation.
- Spouse on DE-9C can be enrolled either as an employee or as a dependent. Husband/wife-only groups are not eligible for group coverage.
- Dependent coverage up to age 26.
- Domestic partner coverage is available.
- Late enrollees may only enroll during open enrollment.
- For groups coming from a professional employer organization (PEO), please provide the cancellation letter sent to the leasing company. Payroll register from the prior PEO can be submitted, provided the group can submit their own payroll register within 45 days after the effective date.
- Valid waivers include spousal, Medicare, Medi-Cal, military, other employer sponsored, and cross-border coverages.
- Individual (on-exchange or off-exchange) and COBRA coverage are not valid waivers.
- Workers compensation is required for all eligible employees as required by law.
- Applications must be signed within 60 days of requested effective date.

Limited open enrollment period

- Groups that fail to meet Sharp Health Plan's minimum participation or contribution requirements (as noted in the Participation and Contribution sections of this document), but that satisfy the remaining eligibility criteria will be permitted to elect coverage during a limited open enrollment period from November 15th through December 15th of each year for a January 1 effective date. Wrap with another carrier is not permitted.