



Program Management Provided By  
**Wells Fargo Insurance Services**

## **Business Health Trust (BHT) Employee Benefit Program 2009 - 2010 Underwriting Guidelines**

### **Agent/Broker Eligibility**

- 1) All agents and brokers must be fully accredited through Wells Fargo Insurance Services to promote Business Health Trust's (BHT) products and services. Among other requirements, all agents and brokers must maintain all endorsed insurance carriers appointments. Please reference the BHT Accreditation Agreement for a list of requirements and further details.
- 2) All accredited agents and brokers are required to obtain and maintain dues membership with one or several of the BHT endorsed sponsors. Accredited agents and brokers are eligible to request and receive quotes without becoming a dues paying member of an affiliated BHT endorsed sponsor, however, membership must be secured at the time of the insurance placement with BHT. No commissions can be paid until the accredited agent or broker becomes an active, dues-paying member with the applicable endorsed sponsor. It is the responsibility of the accredited agent or broker to ensure their membership status is active.
- 3) Broker of Record Letters and Letters of Authorizations (Search Letters) will only be accepted from fully-accredited BHT agents and brokers. Broker of Record letters from accredited agents/brokers will be processed within 2-3 business days of receipt and will become effective the first of the month following the date of receipt (for commission purposes). All Broker of Record Letters must be dated within thirty days of receipt to be valid. Broker of Record changes require the agent/broker to be fully accredited with BHT. Among other requirements, the agent/broker must have one active group with BHT at time of transfer.

### **Group Eligibility**

- 1) All groups must be an active, dues-paying member of a BHT endorsed sponsor. Proposals issued to qualified prospective groups are released on the condition that membership will be secured by the prospective group prior to the insurance placement with BHT. Proof of membership is required.
- 2) An enrolling group must be headquartered in Washington state. Additionally, at least 51% of the enrolled employees must reside in the areas serviced by The Regence Group. For Group Health Options coverage, 80% of all covered subscribers must reside within the Group Health Options service area. There can be no more than 10% of the group enrolled in any specific state outside of the service area.

- 3) Annual tax forms are required for groups with 2-3 employees. The employer must satisfy the definition of “Small Employer” as stated under ESHB 1046 and submit the necessary tax forms.
  - A. IRS Form 1040 with Form 1065 and Schedule K-1 (for partnerships)
  - B. IRS Form 1040 with Schedule F (for farms)
  - C. IRS Form 1120 or 1120S (for corporations)
  - D. 5208 Quarterly Wage and Tax Form
  - E. For partnerships, if a married couple has filed a joint IRS Form 1040 and one spouse has a separate business or occupation from the one applying for coverage, copies of that spouse’s W-2, 1099 or business tax return may be required.
  - F. Nonprofit groups that do not file any of the above tax forms may instead submit copies of Washington State Employee Quarterly Tax Form 5208 Parts A and B to verify an employee’s work status.
- 4) Sole proprietors and partners are eligible for coverage if they are full-time, active in the business and 75% of the owner’s income is derived from the business.
- 5) All BHT selected product offerings must have the same anniversary date. Additional lines of coverage can be added off-anniversary however these policies will renew on one common renewal date.
- 6) Groups that fall under the Regence BlueShield Restricted Industry designation have additional criteria that must be met to be eligible for coverage through BHT. To review a list of restricted industries and the additional guidelines surrounding these industries please execute the following link: [Restricted Industry Quoting Profile](#).

### **Employee Eligibility**

- 1) An employer-employee relationship must exist. An eligible employee must be permanent, full-time and work a minimum of 20 hours per week. Commissioned salespeople and independent contractors whose earnings are reported on IRS form 1099 are not considered eligible employees. Eligible employees must be reported on the company’s regular payroll and appear on their quarterly report of wages filed with the Washington State Employment Security Department. Documentation sustaining this relationship may be required.
- 2) Employees who choose not to enroll themselves or their dependents when initially eligible, must wait until the next open enrollment unless a qualifying event occurs. For supplemental life, guarantee issue amounts are only available to new employees within the first 31 days of eligibility. A member group can only make changes to their eligibility hours or probationary period at their anniversary date.
- 3) The Business Health Trust administers common eligibility between all lines of coverage. Dependent eligibility must flow through the enrolled subscriber (employee). To clarify, if a

spouse (or domestic partner if applicable) or dependents are to be covered, their coverage must be identical to the subscriber's (employee's) coverage.

- 4) Retirees, including early retirees, are not eligible for coverage unless otherwise specified.
- 5) Group eligibility policies may vary by employer. BHT only requires the employer to meet the minimum eligibility qualifications.

### **Additional Guidelines and Assumptions**

- 1) The company must contribute a minimum of 75% towards the employee premium. For non-contributory products such as basic life/AD&D, the employer must pay 100% of the employee premium.
- 2) A minimum of 75% of all eligible employees must participate within each member group. Employee waivers will be required. Qualified reasons for waiving coverage are coverage under spouse, TRICARE, Medicare as primary, collective bargaining unit, Christian Scientist or under COBRA provisions.
- 3) The minimum group size to offer bundled medical, dental or basic life/AD&D plan is 2 enrolling employees. Bundled vision coverage is available to groups of 3 enrolling employees or more. Disability coverage is available for groups of 5 or more enrolling employees. The maximum group size eligible for coverage is 149 employees.
- 4) Broker commissions are 5% for medical, WDS dental, vision and compulsory life/AD&D. For additional commission details please reference the following link: [BHT Broker Commission Schedule](#).
- 5) A minimum of \$15,000 basic life/AD&D coverage is compulsory and must be included with all medical products offered through BHT. The EAP plan is not compulsory however it can only be purchased when a BHT medical plan is also selected.
- 6) WDS Dental, vision, life/AD&D and disability coverage may be sold on a stand-alone basis, as long as the group has a minimum of 10 enrolling employees. The minimum group size to offer Dental Health Services products is two 2 enrolling employees.
- 7) Rates will be guaranteed for twelve months, regardless of the group's effective date with the exception of products added off anniversary. This assumes there are no regulatory or related legislative changes that affect the benefits provided through BHT.
- 8) Groups of 10 or more may select dual choice within Regence BlueShield/Asuris Northwest Health product offerings. A minimum of 2 employees must enroll on each plan. Please see the [BHT Dual Choice – Regence](#) or [BHT Dual Choice – Asuris](#) for available plan combinations.

- 9) Groups of 10 or more may select dual choice within the Group Health Options product offerings. A minimum of 5 employees must enroll on each plan. Each BHT Group Health Options plan can be offered in combination with another.
- 10) Dual choice between Regence BlueShield/Asuris Northwest Health and Group Health Options is allowed for any group renewing or sold, assuming 75% of eligible subscribers enroll with Regence/Asuris and a minimum of 5 employees enroll on each plan. Regence/Asuris H.S.A. products cannot be offered alongside any Group Health Options product. The rate variation between the two products cannot exceed 10%.
- 11) Rates quoted assume that none of the deductible, coinsurance or co-payments will be self-insured by the company, except those specifically identified as such.
- 12) New business paperwork, along with a copy of the Broker of Record letter, is due no later than the 20<sup>th</sup> of the month prior to the effective date (except for January 1 renewals which are due on the 10<sup>th</sup> of December).
- 13) Requests for proposals received after the 10<sup>th</sup> of the month prior to the requested effective date may be declined.
- 14) A copy of either a Letter of Authorization (Search Letter) or Broker of Record Letter may be requested from each accredited agent or broker in a multiple quoting scenario.
- 15) BHT reserves the right to adjust rates for a new member group if any information is different from the original quote. BHT reserves the right to decline coverage if the group does not meet all the established underwriting guidelines.

### **BHT Non-Compete Provisions**

- 1) The Regence BlueShield/Asuris Northwest Health non-competite rules apply to BHT. For an overview of these rules, please access the following link: [Regence BlueShield/Asuris Northwest Health Non-Compete Policy](#).
- 2) The Group Health Options non-competite rules apply to BHT. They are:
  - A. Groups currently covered under a medical plan underwritten directly by Group Health are eligible for Association coverage, provided the Group has been a member of the Association for at least six months, and meets all other requirements for coverage. Quotes must be developed and approved by the Group Health Underwriting department. Rates will not be lower than the current and renewal direct quote. At first renewal, rates will be based upon the overarching Business Health Trust renewal. No quotes will be allowed for groups off anniversary.
  - B. Groups of any size that are currently covered by a Group Health Association may be eligible for coverage through another Association plan underwritten by Group Health, as long as the Member Firm has been a member of the other Association for at least six months, and meets all other requirements for coverage of the other association and

Group Health. Quotes must be developed and approved by the Group Health Underwriting department. No quotes will be allowed for groups off anniversary.

- C. Groups of any size that are currently covered by a Group Health Association have the right to request a quote for a direct contract. For small groups (under 50 employees) they will be offered the in-force plan and rate options filed with the State of Washington for small group plans offered at that time. For large groups, the group will be rated separately, but not give a rate that is lower than that being offered through the Association for a period of 12 months. If direct rating would produce a rate higher than the rate they were being offered through the Association, that rate will become the default rate for contracting directly with Group Health and Group Health Options, Inc.

### **Health Savings Account (HSA) Underwriting Assumptions**

- 1) All underwriting assumptions previously released remain applicable, unless specifically superseded by the underwriting assumptions within this document.
- 2) In the event of dual option plans (wherein Regence BlueShield/Asuris is the sole carrier), the dual choice matrix must be followed.
- 3) The HSA plan cannot be offered alongside a medical plan underwritten by another carrier.
- 4) The employer may fund up to 100% of the deductible.
- 5) The rates do not include any transaction and/or administrative fees charged directly by the HSA administrator.
- 6) Rollover funds combined with HSA contributions cannot exceed federal limits.
- 7) The HSA product is only available in the Regence BlueShield/Asuris service area.

### **Additional Life and Disability Underwriting Assumptions**

- 1) The guarantee issue for Basic Life/AD&D is based on group size. For groups of 5 to 9 employees, the guarantee issue is \$50,000. For groups of 10 to 49 employees, the guarantee issue is \$75,000. For groups over 50 employees, the guarantee issue is \$100,000.
- 2) The guarantee issue for Supplemental Life/AD&D is based on group size. For groups of 5 to 49 employees, the employee guarantee issue is \$25,000 and \$10,000 for spouses. For groups over 50 employees, the employee guarantee issue is \$50,000 and \$25,000 for spouses.
- 3) For Long Term Disability, evidence of insurability is required for employers with less than 6 employees.

**This is a general overview of the Underwriting Guidelines for the Business Health Trust. Should there be any discrepancy, the contract between the Business Health Trust and the insurance carriers will be the determining underwriting document.**