

UNDERWRITING GUIDELINES

The following underwriting guidelines must be met for Oxford Health Insurance, Inc. or Oxford Health Plans (NJ), Inc. ("Oxford") to accept this Application:¹

- A. Coverage Effective Date: Any effective date of coverage may be selected as long as all information is received by Oxford on or before the requested effective date. If the initial effective date is on the first of the month, the group will renew on the first of that same month every year. If the initial effective date is after the first of the month, the renewal date will be on the first of the following month (e.g. if the group is effective November 2, the group will renew on December 1 of the following year).
- B. Small Group Employer Contribution: The small group employer must contribute at least 10 percent toward the total group premium. See Section H (Open Enrollment Period – New Business).
- C. Class Carve-Outs: Class carve-outs are allowed as long as the small group employer is not sponsoring another plan for the excluded employees/classes.
- D. Options: Plan design options will be limited to four plan options.
- E. Employee Location: A majority of a small group employer's eligible employees do not need to be employed within the State of New Jersey.
- F. Small Group Employer Definition: To qualify as a small group, the employer must be actively engaged in a business that employed an average of at least one but not more than fifty (50) employees during the preceding calendar year and employs at least one employee on the first day of the plan year. In the case of an employer that was not in existence during the preceding calendar year, the determination of whether the employer is a small group or large group employer shall be based on the average number of employees the employer is expected to employ on business days in the current calendar year.

The following calculation must be used to determine if an employer employs at least one (1) but not more than fifty (50) employees. For purposes of this calculation:

- a) Employees working 30 or more hours per week are full-time employees and each full-time employee counts as one (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 then divided by 120 and rounded down to the nearest whole number.

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.

Please note: "Small group employer" includes employers that employ more than 50 full-time employees if the employer's workforce exceeds 50 full-time employees for no more than 120 days during the calendar year and the employees in excess of 50 who were employed during such 120-day or fewer period were seasonal workers.

- **Spouse Exclusion**: An individual business owner and his or her spouse, when there are no other employees, are not counted toward group size. To qualify as a "small group employer," at least one other person must be employed and participate in the employer's plan. For example:
 - 1. A business owner, or a business owner and his or her spouse, when there are no other employees eligible and enrolled, is not considered a group of one (1) and will need to purchase individual coverage.
 - 2. Partnerships: A group where only the partners and their spouses are covered, without an employee, is not considered a small group.
 - 3. S Corporation: 2 percent shareholders in a Subchapter S corporation, as well as immediate family members of such individuals, are excluded from the employee count.
 - 4. Corporation, LLC, or C Corp: An employee is not required for the corporation to be considered a small group if the corporation has at least two owners who are not married.

- G. Participation: 75 percent of the small group employer's full-time employees (full-time means 25 or more hours per week for this calculation) must be enrolled (i.e., participate) in an Oxford product. The minimum 75 percent employee participation requirement will not apply to new groups applying for coverage during open enrollment. See Section H (Open Enrollment Period – New Business).
- 75 Percent Participation Calculation: In establishing the percentage of employee participation, a one-to-one credit shall be given to each employee covered by a group health plan offered by a spouse, parent, another employer, Medicare, Medicaid, NJ FamilyCare, or Tricare.
 1. Employees with coverage under a group health plan offered by a spouse, parent, another employer, Medicare, Medicaid, NJ FamilyCare, or Tricare are counted as if they are participating in the Oxford product for purposes of calculating the 75 percent participation (i.e., are counted as a valid waiver). Products purchased through the Exchange/Marketplace do not count toward the 75 percent participation (i.e., are not counted as a valid waiver, whether or not a subsidy is received).

Example: A small group has five employees, and three of those employees each have coverage under their spouse's group plan. The three employees are to be included in the count for the number of enrolling employees when determining the participation percentage. The employees with coverage under a spouse's plan are considered to have health coverage and, therefore, count toward the employee participation. In this way, a group is not penalized if they have employees covered by a group health plan offered by spouse, parent, another employer, Medicare, Medicaid, NJ FamilyCare, or Tricare.
- H. Open Enrollment Period (New Business): From November 15 through December 15, for an effective date of January 1 the following year, the minimum 75 percent employee participation and 10 percent employer contribution requirements will not apply to new groups applying for coverage.
- I. Documentation Requirements:
- a) Group Application
 - b) New Jersey Wage Reporting (WR-30) Tax Form when less than five enrolled
 - c) Small Employer Health Benefits Waiver of Coverage. W4 and two weeks of payroll documentation will be accepted only for employees employed less than two weeks.
 - d) Employer Certification
 - e) HSA Certificate of Understanding
 - f) Additional documentation may be required upon audit
- New groups have five business days from the date the group is pended to submit any outstanding required documents. If documents are not provided as required, the group will be denied coverage/terminated.
- J. Rates: Final rates are based on final enrollment by plan design.
- K. Renewal Requirements: Recertification of employee participation must be met one day prior to the effective date. The Small Employer Health Benefits Waiver of Coverage forms are not required upon renewal. The Employer Certification must be submitted prior to renewal.

We reserve the right to audit groups that do not respond to requests for information and to terminate groups either on the basis of audit results or in the event that necessary information is not provided on a timely basis.

¹ These guidelines may be updated from time to time and are subject to regulatory approval.