BlueCross BlueShield Nebraska

BluePride

2020 Underwriting Guidelines

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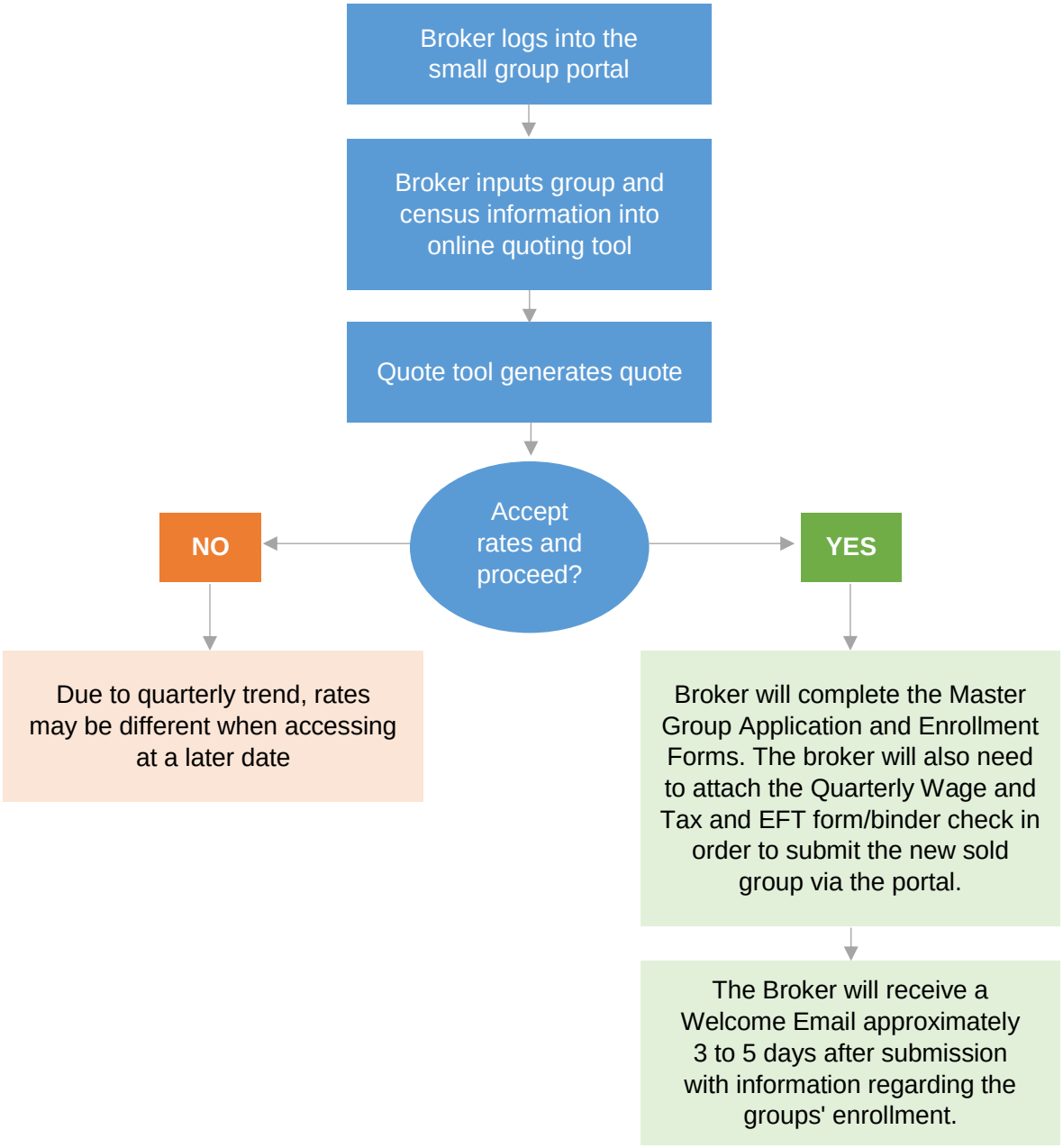
Preface: New Business Process



I. Eligibility

Definition

"A Small Group ("Group" or "Small Group") shall mean a small employer who has applied to Blue Cross and Blue Shield of Nebraska ("BCBSNE") including any person, political subdivision, firm, corporation, limited liability company, partnership or association that is actively engaged in business that, on business days during the preceding calendar year, employed at least two and no more than fifty employees, and employs at least two employees on the first day of the plan year. For the purpose of counting employees, BCBSNE uses the federal definition of a common law employee, which includes part-time employees but generally does not include self-employed business owners. In determining the number of employees, companies that are affiliated companies or that are eligible to file a combined tax return for purposes of state taxation shall be considered one employer.

The Small Group must be headquartered in the state of Nebraska. In certain limited situations, as determined solely by BCBSNE, in its discretion, it might be possible to obtain a cede for a Small Group headquartered outside the state of Nebraska.

The Small Group may be formed by an employer at a business concern provided the business operates a minimum of six months per year on a regular basis and maintains a legitimate employer/employee relationship. The Small Group cannot be formed for the sole purpose of obtaining health insurance.

A Group is not considered new when the same management is involved and there is merely a transfer of the majority of members from one Group opportunity to another, or when the only change is in the ownership or the name of the business and the content of the Group has not changed materially in its characteristics or substantially in eligibles (see below for a definition of eligible employees).

Affiliated entities may be treated as a single employer Group so long as there are common owners who individually or together own the majority interest (51% or more) of each entity, provided the percentage of enrollment is met for the total Group. The affiliated entities must be identified on the application for the Group contract. Note: all affiliated entities should be headquartered in Nebraska; affiliated entities not headquartered in Nebraska may not be subject to consolidation.

Non-Profit organizations cannot have common ownership and will not be able to combine with another organization for insurance purposes unless they are a part of the same non-profit organization.

Example:

Company Alpha	
Owner A	50%
Owner B	40%
Owner C	10%

Company Delta	
Owner A	50%
Owner B	25%
Owner D	25%

Company Omega	
Owner A	40%
Owner B	10%
Owner E	50%

In this example, Companies Alpha and Delta can be consolidated because Owner A and Owner B together own the majority interest (51% or more) in both companies. Company Omega cannot be consolidated with Alpha and Delta because there is not 51% common ownership with Companies Alpha and Delta.

General Eligibility Requirements for Employees

To be eligible for Small Group coverage, you must have 2 to 50 total employees. You must have at least two W-2 enrolled employees, neither of which can be a business owner, partner, or spouse.

All regular full time and part time employees, other than seasonal or temporary employees, who are actively performing the duties of their principal occupation, for a minimum of 30 hours per week are eligible for coverage through the employer group.

Individuals not eligible for coverage in a group are those not actively employed by the group, such as owners, part owners, retirees (regardless of age), members of the board of directors, trustees and shareholders, and those who are employed for short periods of time such as Saturdays, holidays or summer vacations. Independent contractors are also not considered eligible for coverage.

Persons not at work because of leave of absence are eligible when they return to full time employment. Re-hires are subject to the group's probationary period.

Group contracts contain the following provision: "If two eligible persons in the same group are married to each other, each individual and/or their Eligible Dependents shall not enroll in more than one Membership Unit under this Contract. Similarly, if two eligible persons have a parent/child relationship and both are employed by the same employer group, the parent and child may elect to enroll one of two ways:

a. As two employees, or

b. The parent enrolls as an employee with dependent coverage

Enforcement of this provision is up to the Group since they control the initial enrollment of their employees.

Eligibility, Participation and Contribution Requirements for the Group

Small Group: See Definition Section in Section I.

Group Size Requirement: A minimum Group size requirement of two enrolled employees will be required to apply for coverage. A Group must maintain two enrolled employees to continue coverage.

Total Eligible Employees: Number of employees who meet the qualifications for health insurance coverage as defined in the General Eligibility Section.

Valid Waivers - Other Qualifying/Creditable Coverage: Employees who have health insurance coverage elsewhere such as through a spouse, parent, Medicare, Medicaid or an individual policy is considered a valid waiver.

Participation: Calculation used to determine if Group is eligible for coverage. Participation will be determined by comparing the number of employees enrolling to the number of Total Eligible Employees (excluding employees with other creditable coverage).

Participation Requirement*: A minimum participation requirement of at least one enrolled employee must be employed in the state of Nebraska and will be required to apply for coverage. A Group must maintain at least one enrolled employee employed in the state of Nebraska to continue coverage. The minimum employer participation requirement is:

- 100% participation for groups with 2-3 eligible employees
- 100% less one life participation for groups with 4-9 eligible employees
- 75% participation for groups with 10-50 eligible employees

If the employer is paying the entire premium for the employee, 100% participation will be required.

Contribution: The amount an employer contributes toward the premium costs of the health insurance plan.

Contribution Requirement*: The minimum employer contribution is 50% of the average single membership rate.

Example:

A Group with 14 eligible employees applies for coverage.

- Total Eligible Employees = 14
- Employees who have Other Creditable Coverage = 3 (Two employees have coverage under their spouse's plan and one employee has Medicaid)
- Remaining Eligible Employees = 11
- Enrolling Employees = 10 (One employee does not have Other Creditable Coverage and is choosing not to enroll).

Participation for this Group: 10 (Enrolling Employees) divided by 11 (Eligible Employees) equals 91%.

According to the guidelines, a Group of this size must have 75% participation which means this Group would qualify for coverage.

Special Enrollment Period

*During the Special Enrollment Period, small employers may purchase health insurance coverage without satisfying the minimum participation and or contribution requirements. The Special Enrollment Period is available each year beginning November 15th and extending through December 15th for a January 1st effective date. Written acceptance of coverage must be received by BCBSNE within the period of November 15th through December 15th in order for the participation and contribution requirements to be waived.

Creditable Coverage

Creditable Coverage: Coverage of the individual under any of the following: (a) a Group health plan, as defined by HIPPA; (b) health insurance coverage consisting of medical care offered by a health insurance issuer in the Group or individual market; (c) Part A or Part B of Medicare; (d) Medicaid, other than coverage consisting solely of benefits for pediatric immunizations; (e) medical and dental care of the uniformed services; (f) a medical care program of the Indian Health Service or a tribal organization; (g) a state health benefits risk pool; (h) the Federal Employees Health Benefits Program; (i) a public health plan, which means a plan providing health coverage that is established by a state, the U.S. government, or a foreign country, or a political subdivision thereof; (j) a health plan of the Peace Corps, or (k) a State Children's Health insurance Program (SCHIP).

Creditable coverage does not include coverage described in HIPAA as "expected benefits," e.g. coverage only for accidents; disability income coverage; liability insurance, including general liability and automobile liability and any supplement thereto; credit only insurance; coverage for on-site medical clinics; limited scope dental or vision coverage or long term care coverage; non-coordinated coverages offered separately, such as specified disease or illness policies, hospital or other fixed indemnity insurance; and supplemental benefits such as Medicare Supplemental health insurance, TRICARE supplemental programs or other similar supplemental coverage.

II. Rating Methodology

Rating Factors

Individual Group rates are established based on the case characteristics of the Group, age of the members, location, effective date, and the benefit/network option selected. Rates are calculated based on the members' ages on the group's most recent renewal/effective date, or the member's effective date if added off-cycle. All increases due to age bumps happen annually at renewal. At a contract level, premiums will be charged for all members age 21 and over, as well as for the three oldest children under the age of 21.

Monthly billed rates are based on the group's current census and will reflect the current enrollees. Any changes to the group's census may result in rate adjustments which will be reflected on the next billing statement. Subsequent rating actions are based solely on the overall experience of the pool of Groups.

Multiple Options

Groups with two or more enrolling contracts are eligible to enroll in dual medical plan options. Dual medical plan options can be no more than one metallic level apart. A limited network plan can be combined with a full network plan, but the plans can only be at most one metallic level apart. If the group elects to offer both a limited network option and a full network option, employees who reside in the limited network service area will be eligible to enroll in either the limited network option or the full network option. Employees living outside the limited network service area will only be eligible to enroll in the full network option.

Groups must meet minimum participation requirements (minimum of two contracts) to continue offering dual benefit options at their anniversary date.

NEtwork Blue is the only network option available to groups headquartered outside the 680, 681, and 683-685 zip codes, and outside the Buffalo, Hall, Phelps, Kearney, and Adams counties.

Blueprint Health, Premier Select BlueChoice, and NEtwork Blue networks are available to groups who are headquartered inside the 680, 681, or 683-685 zip codes. NEtwork Blue and Blueprint Health networks are available to groups headquartered inside Buffalo, Hall, Phelps, Kearney, or Adams counties.

Dual Option Plan Combinations

	GOLD	SILVER	BRONZE
GOLD	✓	✓	
SILVER	✓	✓	✓
BRONZE		✓	✓

✓ Plans allowed to be paired

III. New Business / Renewal Package

New Business Package

New Groups will be effective on the first of the month. The components of the new business package are as follows:

- the master Group application, fully completed and signed by an authorized representative of the Group and the appointed agent/broker
- the individual enrollment forms
- verification of employment
- a binder check for the first month's premium

All completed components of the new business package must be received no later than the day prior to the coverage effective date (i.e. November 30th for a December 1st effective date). The new business package is subject to approval by BCBSNE, and no commitments for acceptance should be made. When the new business package is approved, the appointed agent/broker will be notified in writing.

If the effective date or other assumptions made at the time of proposal change, the Group Underwriting Department reserves the right to modify the quote, benefits and/or effective date of coverage.

Renewal Package

As a condition of renewal, Small Group employers may be required to complete the Small Employer's Yearly Report for Group Health Insurance Validation. Medicare status will be verified at renewal.

Failure to provide necessary documentation, or noncompliance with the underwriting guidelines as a result of this review, will be treated as a failure to meet stated participation guidelines and the Group will be non-renewed. The Group and agent/broker will be notified of the termination of the contract in writing.

Groups must submit acceptance of their renewal in writing to BCBSNE by the 25th of the month prior to the renewal date. For sales of BluePride ACA products, no deductible credit will be provided for any current enrolled BCBSNE group which terminates the contract early and re-enrolls in the same line of coverage for an earlier effective date. Additionally, no out-of-pocket maximum credit will apply.

This health plan will not be canceled based upon the health status of your Group. It will be automatically renewed unless any of the following are not complied with:

1. for nonpayment of premiums;
2. for noncompliance with minimum participation or employer contribution requirements as explained in Our Group underwriting guidelines;
3. if there is no longer any Subscriber who lives, resides or works in a Service Area where We are licensed;
4. if this contract form or particular type of contract is no longer offered in the Small Group market applicable to this Contract;
5. if the Group Applicant has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact in connection with the coverage, or with respect to coverage of individual insureds, or their representatives;
6. if the Group Applicant no longer qualifies as a Small Group under Federal law; or
7. if the headquarters of the small employer are no longer located in the State of Nebraska.

Rate Guarantee

Group rates are guaranteed for 12 months, and any change of anniversary date must be approved by the Group Underwriting Department. If a Group changes to an anniversary date of January 1st before the next renewal due to election of a high deductible health plan, the premiums and anniversary date will be changed accordingly.

IV. Signature Blue Dental Coverage

Dental coverage consists of the following four categories:

- Coverage A, Preventive & Diagnostic Dentistry
- Coverage B, Maintenance & Simple Restorative Dentistry, Oral Surgery
- Coverage C, Complex Restorative Dentistry, Periodontic & Endodontic Dentistry
- Coverage D, Orthodontic Dentistry

Dental coverage class selected is not required to match medical coverage class. Dental coverage is available to Groups with two or more enrolled employees. Orthodontic Dentistry is not available to Groups with less than 10 eligible employees.

Dental Participation: Calculation used to determine if Group is eligible for coverage. Participation will be determined by comparing the number of employees enrolling to the number of Total Eligible Employees (excluding employees with other dental coverage).

If the employer is paying the entire premium for the employee, 100% participation will be required. For Groups paying less than 100% of the employee premium, after excluding persons covered under other coverage, 60% participation is required.

The above participation guidelines also apply to qualify for the prior dental coverage rate discount.

The minimum employer contribution for dental coverage is 60% of the single membership rate for all covered employees.

V. Special Enrollment and Late Enrollment

Special Enrollment

Special enrollment periods can occur if a person loses eligibility for other coverage, the employer contributions for other coverage are terminated, or if a person becomes a dependent through marriage, birth, adoption and placement for adoption. The person must apply within 31 days of the qualifying event.

The special enrollment period for marriage, birth, adoption and placement for adoption applies also to the employee and spouse even if not previously covered through the Group.

Late Enrollment

Late enrollment periods can occur if persons (employees and/or dependents) do not apply for coverage within 31 days of eligibility and do not meet the definition of a special enrollee. A late enrollee will only be allowed to apply for coverage during the month prior to the annual renewal date. Enrollment forms must be signed by the last day of open enrollment and must be received by BCBSNE within 31 days.

Temporary Lay-offs, Leaves of Absence, Disability

The Group's documented personnel rules regarding sick leave and leaves of absence will determine continued eligibility. As long as the employer considers the employee to still be eligible for fringe benefits according to documented personnel rules, eligibility will be maintained. Once the employment status is terminated, the employee is eligible for any coverage dictated by federal (COBRA or Family Leave Act) or state law.

In the absence of documented sick leave or leave of absence policy, continued coverage on an active employee basis for a maximum of six months will be allowed.

Reinstatement Policy

Groups terminated for nonpayment may be reinstated once during a 12 month period, but not more often, and only with the approval of the Group Underwriting Department. The receipt of two insufficient checks within a 12 month period constitutes nonpayment, and the Group will be terminated for nonpayment. Reinstatement requests should be accompanied by a check for the amount of the arrears.