

Quick Start Underwriting Guidelines for New Groups

Effective February 1, 2008

Groups 2 to 50 eligible employees

These Quick Start guidelines are intended to address only the most commonly asked questions. Please consult with your sales representative or refer to the Small Group Underwriting Guidelines for Producers for a detailed description of underwriting requirements and policies.

Eligibility requirements

Group eligibility/guaranteed issue

(see pages 4 to 10)[†]

- If the employer employs 2 to 50 eligible employees and meets the requirements of AB 1672, the employer is eligible for Blue Shield's guaranteed issue and guaranteed renewable small group health plans.
- The employer offers health plan coverage to 100% of its eligible employees.
- At least 51% of group's full-time employees must be employed in California.
- Must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in California.
- Must be actively engaged in business or service.
- Must have at least two eligible employees.
- All employees must be covered by workers' compensation when required by law.
- Associations, multiple employer trusts, union trust plans, Taft-Hartley groups, retirees, and hour bank groups are not eligible.

Please note that other ineligible classifications include private households, single-employee companies, employees providing contracted services (i.e., receiving 1099 forms for income tax purposes), domestic help, and members of organizations (such as credit unions or fraternal order member organizations). Please see Professional Employer Organization (PEO) section on page 2 for eligibility information concerning leased employees or employees that are part of a co-employer relationship.

To offer any Access+ HMO® plans, the employer's place of business must be located within one of Blue Shield's HMO plan service areas.

- Groups may impose separate eligibility waiting periods of their own. This waiting period must be the same for each employee classification.
- The employer has the option of choosing a first day of the month following the date of hire or a one-, two-, three-, four-, five- or six-month waiting period for all future employees. The eligibility date for coverage

for future employees is always the first day of the month following completion of the waiting period.

- Access+ HMO and Added Advantage POSSM plans are not designed to provide coverage for employees who reside outside of California.
- Access Baja® HMO plans can only be offered to employees and dependents who reside or work in the Access Baja HMO service area.

Employee eligibility

(see page 5)[†]

- Work on a full-time basis in the conduct of the business of the employer, whose normal work week is at least 30 hours, and whose duties in such employment are performed at the employer's regular places of business; (subject to withholding on a W2 form), or
- Be a sole proprietor, corporate officer, or partner of a partnership engaged on a full-time basis, at least 30 hours per week, in the employer's regular places of business;
- Receive monetary compensation for that work by the employer;
- Be a bona fide employee of the employer;
- Not eligible for coverage: Part-time (unless SB 1790 eligible), temporary, substitute or seasonal employees. (Seasonal or substitute employees defined as employees hired with a planned future termination date are not eligible.)
- Residents of Hawaii are not eligible.

Contribution requirements

(see pages 6, 7, and 8)[†]

- The employer must contribute either 1) a defined contribution of a minimum \$100 per employee (or the cost of the total employee rates, whichever is less), or 2) a minimum of 50% of the total employee rates.
- For the two Access Baja HMO plans, the employer contribution must be at least equal to the dollar contribution level of the least expensive California health plan selection, not to exceed 100% of the Access Baja plan dues.

Group participation requirements

(see pages 5 and 6)[†]

- If Blue Shield is the only plan offered, 75% of all eligible employees must enroll in the Blue Shield plan(s). See Suite Deal program for special participation requirements.
- Employees refusing coverage because they are covered under group coverage are not counted toward the participation requirement.
- The group must maintain the required minimum participation level to remain eligible (or 100% participation, if non-contributory). Groups are subject to non-renewal if participation falls below the required minimum.
- If a husband and wife/domestic partner both work for the same employer, they may apply separately as employees or one may be a dependent on the other's coverage. If each enrolls separately as employees, any children of such persons may enroll as dependents of either.

Participation requirements alongside another carrier's HMO

(see pages 5, 7, and 8)[†]

- Blue Shield plans, including Access Baja HMO, Dual Choice, and the Suite Deal, may be offered with another carrier's HMO. The minimum participation in the combined Blue Shield plans must be equal to the greater of five actively enrolled employees or 50% of the total number of actively enrolled employees. (Except PlanSelectSM and Active ChoiceSM). Waivers are required for employees that are enrolling in another carrier's plan.
- Access Baja HMO plans will only be offered alongside another Blue Shield health plan, such as Access+ HMO, Active ChoiceSM, Shield Spectrum PPOSM or Added Advantage POS plans.
- When Active Choice is offered as a standalone Blue Shield Life offering alongside another carrier's HMO plan: Minimum Blue Shield Life enrollment is five active employees or 20% of overall enrolled employees (whichever is greater). Waivers are required for employees who are enrolling in another carrier's plan.

NOTE: Participation requirements for PlanSelect are included in the PlanSelect section on page 3 of these Quick Start guidelines.

Other Requirements

Union employees

(see page 9)[†]

- To qualify for guaranteed issue coverage, the total number of both union and non-union employees must not exceed 50, and the employer must contribute to a labor fund in compliance with a collective bargaining agreement for their union employees. Copies of the Union's Statement of ERISA Rights will be required.
- If the above requirements are not met, the request for coverage for non-union employees will be considered on a non-guaranteed issue basis only and the group will need to meet the requirements of a carve-out group.

Professional Employer Organization ("leased") employees

(see page 9)[†]

- Professional Employer Organization ("PEO" or "leased") employees are considered employees of the PEO company. Small employer groups that have canceled their PEO arrangement and hired the formerly PEO employees will be considered for coverage on a guaranteed issue basis. Groups obtaining employees through a PEO may apply for non-guaranteed issue coverage.

For small employer groups that have recently canceled their contract with a PEO:

- A copy of the letter sent from the PEO to the client business verifying the cancellation of the leasing arrangement will be required.
- If a copy of a payroll register from the PEO company is submitted with the new group application that separates the formerly leased employees by business location, the group will be considered a guarantee issue group.

For employer groups with only a PEO contract for employees:

- A group that has an active agreement under a PEO with current leased employees is not a small employer and will only be considered for coverage on a non-guaranteed issue basis.
- Normal contribution and participation requirements must be met. The employees must work solely for the employer group.
- A payroll register from the PEO that lists all the employees working at group's place of business is required. The payroll register must include the name of the sub-group company, employee names, Social Security numbers, current wages for the pay period, withholdings, and the year-to-date totals for the wages and withholdings.
- Health statements are required.

Carve-out groups

(see page 9)[†]

- Small (2 to 50 eligible employees) and midsize (51 to 299 eligible employees) employer groups that wish to limit enrollment to a specified group of employees ("carve-out groups") are considered for coverage on a non-guaranteed issue basis and must meet the following additional requirements:
- Employee Health Statements are required for carve-out groups.
- Carve-out groups may include for underwriting consideration class carve-outs such as management only, salary versus non-salary, or union versus non-union.
- A minimum of eight enrolling employees is required.
- A list of the job classifications that the employer wishes to cover will be required with the carved-out classification identified.
- Blue Shield must be the employer's only carrier for the carved-out section of the group.
- Because carve-out groups cannot apply for guaranteed issue coverage all carve-out groups are subject to underwriting approval, and may be declined if they do not meet Blue Shield's underwriting criteria.
- Midsize employer groups (51 to 299 full-time employees) in moratorium industries will not be considered for coverage as a carve-out group.

NOTE: Small employer group plans are available to employer groups of 51 to 299 eligible employees, but Blue Shield is not obligated to follow the requirements of AB 1672 (California Health and Safety Code Section 1357) with respect to such groups.

Plan offerings

Dual Choice

(see page 8)[†]

- Groups of two or more eligible employees can pair any one Access+ HMO plan with a PPO or POS plan.
- Access Baja HMO may be offered alongside Dual Choice.

PlanSelect

(see page 8)[†]

PlanSelect is our multiple plan offering for employer groups with 2 to 50 enrolled employees. Employers with 2 to 50 enrolled employees can choose from our complete portfolio of plans available, except for Access Baja HMO plans.

Employer contribution options:

Employers can select a defined contribution amount:

- A minimum of \$100 per enrolled employee or 50% of the total employee premium.

Participation requirements:

Blue Shield offered as a sole carrier:

- Employers must have a minimum of two enrolled employees and are subject to standard underwriting guidelines.

Blue Shield offered in conjunction with another carrier:

- If PlanSelect is being offered alongside another carrier's HMO plan, minimum participation in the combined Blue Shield plans must be equal to the greater of five actively enrolled employees or 75% of the total number of actively enrolled employees. Waivers are required for employees that are enrolling in another carrier's plan.

PlanSelect notes:

- Employers whose place of business is located outside of one of Blue Shield of California's HMO service areas will not have the option of offering an HMO plan within PlanSelect.
- When selecting PlanSelect for groups with 2 to 50 enrolled employees, employers may choose up to all 27 plans on the master application to make selected plans available for future hires. When enrolling 2 to 50 employees in PlanSelect, you do not need to enroll employees in all selected plans.
- Access Baja HMO plans can be offered alongside those chosen through PlanSelect, but they do not count toward PlanSelect restrictions.

Suite Deal program

(see page 9)[†]

Groups with two or more enrolling employees may select the Suite Deal.

- The program includes the Shield Spectrum PPO Plan 500 Value,** Shield Spectrum PPO Plan 1000 Value,** Shield Spectrum PPO Plan 1500 Value,** Access+ HMO Plan 20 Value,* Access+ HMO Plan 30,* Shield Spectrum PPO Savings Plan 1800/3600,** and Shield Spectrum PPO Savings Plan 3000/6000.**
- All plans in the Suite Deal must be offered, however enrollment in all plans is not required.
- The participation requirement for the Suite Deal is 65%. This reduced participation requirement is only available for groups that enroll under the Suite Deal program.
- With the exception of Access Baja, additional Blue Shield plans cannot be selected.

* The employer must be located, and all enrolled employees and eligible family members must live or work, in an approved Blue Shield of California HMO/POS service area in order to be eligible to purchase HMO/POS health plans.

** Underwritten by Blue Shield of California Life & Health Insurance Company.

Rating criteria (see pages 10, 11, and 12)[†]

Rating process

2 to 14 enrolling employees

- Guaranteed issue groups enrolling 2-14 employees are not required to submit a completed Employer Questionnaire. Employee Health Statements are required.

15 to 50 enrolling employees

- Guaranteed issue groups enrolling 15 or more employees are required to submit a completed Employer Questionnaire. Individual Health Statements are not required.

The RAF is based on the information provided by the group; however should any enrolling employee have prior Blue Shield coverage, prior claims history may be reviewed and may affect the final RAF.

Workers' compensation is required by law. The absence of workers' compensation coverage may also affect the final RAF.

All carve-out and non-guaranteed issue groups are required to complete Employee Health Statements regardless of size.

Risk adjustment factor (RAF) range

For groups of 2 through 50 enrolled employees, that qualify for guaranteed issue, the Risk Adjustment Factor (RAF) range is 0.90 to 1.10, subject to the following underwriting guidelines:

- For groups of 2-5 enrolled employees, the lowest RAF is 1.00.
- For groups of 6-9 enrolled employees, the lowest RAF is 0.95.
- For groups of 10-50 enrolled employees, the lowest RAF is 0.90.
- Ancillary benefits are not subject to RAF.
- Access Baja HMO rates are not subject to RAF.
- Group monthly premiums are calculated based on the subscribers' ages and the employer's ZIP code as of the first day of the month.
- Composite rating is not available.

Rating policies

- All rates will be based upon actual enrollment.
- Final rates, effective date and acceptability of the group will be determined by the small group underwriter.
- Approved out-of-state employees will be charged an area rate based on the location of the employer's California place of business.

Rate changes for guaranteed issue groups

The group's RAF will not change more often than every 12 months (Blue Shield renews most groups on their anniversary date). The maximum change in RAF is 10 percentage points, in addition to any increases that may have been made to the base (1.0) rate.

Rate changes for non-guaranteed issue groups

The group's RAF will not change more often than every 12 months. However, changes in RAF may exceed 10 percentage points with the highest renewal RAF at 1.5.

Benefit continuity (see page 20)[†]

Prior deductible credit

For new groups, Blue Shield will credit Blue Shield PPO, POS, and PSP plan members for the amount of the deductible satisfied under the prior carrier's corresponding medical plan during the same calendar year.

Members previously enrolled in a Blue Shield Individual and Family Plan (IFP) will also receive prior medical deductible credit when they enroll in a Blue Shield group plan. There is no deductible credit for outpatient prescription drug coverage.

* Please refer to the complete version of the *Small Group Underwriting Guidelines* for the definitions/requirements for a guaranteed issue group.

Documentation chart (see page 15)[†]

Number of enrolling employees	Sole proprietor	Partnership/ limited partnership (LP)	Corporations	Limited liability company (LLC)
Owners only	Business license or Fictitious Business Name Filing	Partnership Agreement or Business License or Fictitious Business Name Filing	Articles of Inc. or Statement of Information	Statement of Organization with Operating Agreement
	Owner Affidavit	Owner Affidavit	Owner Affidavit	Owner Affidavit
	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver
	Recent Schedule C ¹	Recent K-1 ¹	Recent K-1 or W-2 ¹	Recent K-1 ¹
			Businesses established out of state require a Cert. of Qualification or Statement by Foreign Corporations	Businesses established out of state require a Foreign LLC Application for Registration
2 to 5	Business license or Fictitious Business Name Filing	Partnership Agreement or Business License or Fictitious Business Name Filing	Articles of Inc. or Statement of Information	Statement of Organization with Operating Agreement
	Owner Affidavit	Owner Affidavit	Owner Affidavit	Owner Affidavit
	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver
	DE-6 ²	DE-6 ²	DE-6 ²	DE-6 ²
	If owners not listed on DE-6: Recent Schedule C ¹	If owners not listed on DE-6: Recent K-1 ¹	If owners not listed on DE-6: Recent K-1 or W-2 ¹	If owners not listed on DE-6: Recent K-1 ¹
		Businesses established out of state require a Cert. of Qualification or Statement by Foreign Corporations	Businesses established out of state require a Foreign LLC Application for Registration	
6 to 24	Business license or Fictitious Business Name Filing	Partnership Agreement or Business License or Fictitious Business Name Filing	Articles of Inc. or Statement of Information	Statement of Organization with Operating Agreement
	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver
	DE-6 ²	DE-6 ²	DE-6 ²	DE-6 ²
	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit
			Businesses established out of state require a Cert. of Qualification or Statement by Foreign Corporations	Businesses established out of state require a Foreign LLC Application for Registration
25+	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver	Signed Application or Waiver
	DE-6 ²	DE-6 ²	DE-6 ²	DE-6 ²
	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit	If owners not listed on DE-6: Owner Affidavit

1 Proof of income for owners is required if tax filings are not available due to length of time in business or a tax filing extension.

2 A copy of the most recent payroll register is required for new employees hired after the DE6 filing.

Note:

- Blue Shield's underwriting department may request additional documentation in situations where an affidavit was submitted but eligibility questions remain.
- Articles of Inc., Statement of Information, Statement by Foreign Corporation must be filed and stamped listing names of all officers/owners.

[†] A group must comply with the criteria outlined in the 2 to 50 Underwriting Guidelines for Producers A16060 (01/08). The page numbers referenced above provide the page number on which the detailed information appears on the full guideline.

Dental coverage

Eligibility requirements

Group eligibility

(see page 4)[†]

- The employer offers dental plan coverage to 100% of its eligible employees.
- At least 51% of the group's full-time employees must be employed in California.
- Must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in California.
- Must be actively engaged in business or service.
- Must have at least two eligible employees.
- All employees must be covered by workers' compensation when required by law.
- Union trust plans, Taft-Hartley groups, and retirees are not eligible.

Please note that other ineligible classifications include private households, single-employee companies, employees providing contracted services (i.e., receiving 1099 forms for income tax purposes), leased employees or employees part of a co-employment or PEO relationship, domestic help, members of organizations (such as credit unions or fraternal order member organizations), and groups with seasonal employees.

- There can only be one employer group per group benefit agreement.
- To offer any dental HMO plans, the employer's place of business must be located within one of Blue Shield's dental HMO plan service areas.
- Groups may impose separate eligibility waiting periods of their own. This waiting period must be the same for each employee classification.
- The employer has the option of choosing a first day of the month following the date of hire or a one-, two-, three-, four-, five-, or six-month waiting period for all future employees. The eligibility date for coverage for future employees is always the first day of the month following completion of the waiting period.
- Dental HMO plans are not designed to provide coverage for employees who reside outside California.
- Blue Shield of California dental plans are not available in Access Baja HMO service areas.

Employee eligibility

(see page 5)[†]

- Work on a full-time basis in the conduct of the business of the employer, whose normal work week is at least 30 hours, and whose duties in such employment are performed at the employer's regular places of business (subject to withholding on a W2 form); or
- Be a sole proprietor, corporate officer, or partner of a partnership engaged on a full-time basis, at least 30 hours per week, in the employer's regular places of business;
- Work at least 20 hours, but no more than 29 hours, in the employer's business on a permanent, year-round basis.
- Receive monetary compensation for that work by the employer.
- Be a bona fide employee of the employer.
- Have met any applicable employer-imposed eligibility waiting period.
- Residents of Hawaii are not eligible.

Carve-out groups

(see page 4)[†]

Employer groups with 2 to 50 eligible employees that wish to limit enrollment to a specified group of employees ("carve-out groups") must meet the following additional requirements:

- Carve-out groups may request underwriting consideration class carve-outs such as management only, salary versus non-salary, or union versus non-union.
- A minimum of eight enrolling employees is required.
- A list of the job classifications that the employer wishes to cover will be required with the carve-out classification identified.
- Blue Shield must be the employer's only carrier for the carve-out section of the group.

Group participation requirements

(see page 5)[†]

- For all dental HMO and PPO plans except the Dental HMO Voluntary and Dental PPO SmileSM Basic Voluntary plans, the employer must have a group participation of 75% of all eligible employees. If dental is a rider to medical, guidelines must follow medical. Dental voluntary plans do not have a group participation requirement. Employees refusing coverage because they are covered under group coverage are not counted towards the participation requirement.
- The group must maintain the required minimum participation level to remain eligible (or 100% participation, if non-contributory). Groups are subject to non-renewal if participation falls below the required minimum. If a husband and wife/domestic partner both work for the same employer, they may apply separately as employees or one may be a dependent on the other's coverage. If each enrolls separately as employees, any children of such persons may enroll as dependents of either.

Group contribution requirements

(see page 5)[†]

- The employer must contribute at least 50% of the employee's premiums (with the exception of Dental PPO Smile Basic Voluntary and Dental HMO Voluntary plans, which do not require an employer contribution).

Benefit continuity

(see page 12)[†]

Prior deductible credit

For new groups, Blue Shield will credit dental PPO plan members for the amount of the deductible satisfied under the prior carrier's corresponding dental plan during the same calendar year.

Rating criteria

(see page 7)[†]

Rate adjustment factor (RAF) range

- Ancillary benefits are not subject to RAF.

Group enrollment checklist

The following are required documentation when submitting new business:

- **Master Group Application**
- **Applications** from all enrolling employees and dependents.
- **DE-6 and Refusal of Personal Coverage forms** are not required
- **Business check** payable to Blue Shield of California (may be combined with medical).

[†] For complete guidelines, a group must comply with the criteria outlined in the *Small Group Underwriting Guidelines for Producers*, 2-50, A16060 (1/08). The page numbers referenced above provide the page number on which the detailed information appears on the ancillary section in full guideline.

Group term life and AD&D insurance

Eligibility requirements

Group eligibility

(see page 15)[†]

- The employer offers life insurance coverage to 100% of its eligible employees.
- At least 51% of the group's full-time employees must be employed in California.
- Must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in California.
- Must be actively engaged in business or service.
- Must have at least two eligible employees.
- Union trust plans, Taft-Hartley groups, and retirees are not eligible.

Please note that other ineligible classifications include private households, single-employee companies, employees providing contracted services (i.e., receiving 1099 forms for income tax purposes), leased employees or employees part of a co-employment or PEO relationship, domestic help, and members of organizations (such as credit unions or fraternal order member organizations).

- There can only be one employer group per group benefit agreement.
- Groups may impose separate eligibility waiting periods of their own.
- The employer has the option of choosing coverage to start on the first day of the month following the date of hire or a one-, two-, three-, four-, five-, or six-month waiting period for all future employees.

Blue Shield life insurance plans are not available in Access Baja HMO service areas.

Ineligible groups

There are a number of employer groups that present special risks (e.g., catastrophic hazards, high employee turnover) and are not eligible for group term life insurance. These are detailed in the 2 to 50 Group Dental, Life Insurance, and Vision Underwriting Guidelines for Producers, Life Insurance Section.

Employee eligibility

(see page 16)[†]

- Work on a full-time basis in the conduct of the business of the employer, whose normal work week is at least 30 hours, and whose duties in such employment are performed at the employer's regular places of business (subject to withholding on a W2 form), **or**
- Be a sole proprietor, corporate officer, or partner of a partnership engaged on a full-time basis, at least 30 hours per week, in the employer's regular places of business;
- Receive monetary compensation for that work by the employer;
- Be a bona fide employee of the employer
- Residents of Hawaii are not eligible.
- Not eligible for coverage: Part-time (less than 20 hours per week), temporary, substitute, or seasonal employees. (Seasonal or substitute employees defined as employees hired with a planned future termination date are not eligible.)

Contribution requirements

(see page 17)[†]

The employer must contribute at least 25% of the employee's premiums.

Group participation requirements

(see page 16)[†]

- For all life insurance plans, the employer must have a group participation of 75% of all eligible employees (100% if non-contributory or group size is under five).
- The group must maintain the required minimum participation level to remain eligible (or 100% participation, if non-contributory). Groups are subject to non-renewal if participation falls below the required minimum.
- If a husband and wife/domestic partner both work for the same employer, they may apply separately as employees or one may be a dependent on the other's coverage. If each enrolls separately as an employee, any children of such persons may enroll as dependents of either.

Other requirements

Carve-out groups

(see page 15)[†]

- Employer groups with 2 to 50 eligible employees, that wish to limit enrollment to a specified group of employees ("carve-out groups") must meet the following additional requirements:
- Carve-out groups may include for underwriting consideration class carve-outs such as management only, salary versus non-salary, or union versus non-union.
- A minimum of eight enrolling employees is required for a stand-alone plan.
- A list of the job classifications that the employer wishes to cover will be required with the carve-out classification identified.
- Blue Shield must be the employer's only carrier for the carve-out group.

Rating criteria

(see pages 18 and 19)[†]

Rate adjustment factor (RAF) range

Ancillary benefits are not subject to RAF.

Non-guaranteed issue

All coverage is guaranteed issue.

Guaranteed issue

Coverage above guaranteed issue is not available.

Group enrollment checklist

(see page 19)[†]

The following are required documentation when submitting new business:

- **Master Group Application**, or
- **Ancillary Master Group Application** (or for groups of 2 to 9 eligible employees contact your Blue Shield sales representative).*
- **Employee enrollment form** for all enrolling employees and dependents.
- **Evidence of Insurability** is not required
- **DE-6 and Refusal of Personal Coverage forms** are not required.
- **Business check** payable to Blue Shield of California (may be combined with medical payment).

[†] For complete guidelines a group must comply with the criteria outlined in the Small Group Underwriting Guidelines for Producers, 2 to 50, A16060 (1/08). The page numbers referenced above provide the page number on which the detailed information appears on the ancillary section in full guideline.

* Group term life insurance for groups of 2 to 9 eligible employees is administered and underwritten through a small group employer trust.

Vision coverage

Eligibility requirements

Group eligibility

(see page 25)[†]

- The employer offers vision plan coverage to 100% of its eligible employees.
- At least 51% of the group's full-time employees must be employed in California.
- Must have and maintain business licensure and/or appropriate state filings allowing the company to conduct business in California.
- Must be actively engaged in business or service.
- Must have at least two eligible employees.
- Union trust plans, Taft-Hartley groups, and retirees are not eligible.

Please note that other ineligible classifications include private households, single-employee companies, employees providing contracted services (i.e., receiving 1099 forms for income tax purposes), leased employees or employees part of a co-employment or PEO relationship, domestic help, and members of organizations (such as credit unions or fraternal order member organizations).

- There can only be one employer group per group benefit agreement.
- Groups may impose separate eligibility waiting periods of their own. This waiting period must be the same for each employee classification.
- The employer has the option of choosing a first day of the month following the date of hire or a one-, two-, three-, four-, five-, or six-month waiting period for all future employees. The eligibility date for coverage for future employees is always the first day of the month following completion of the waiting period.
- Blue Shield of California vision plans are not available in Access Baja HMO service areas.

Employee eligibility

(see page 27)[†]

- Work on a full-time basis in the conduct of the business of the employer, whose normal work week is at least 30 hours, and whose duties in such employment are performed at the employer's regular places of business (subject to withholding on a W2 form), **or**
- Be a sole proprietor, corporate officer, or partner of a partnership engaged on a full-time basis, at least 30 hours per week, in the employer's regular places of business;

- Work at least 20 hours, but no more than 29 hours, in the employer's business on a permanent, year-round basis.
- Receive monetary compensation for that work by the employer.
- Be a bona fide employee of the employer.
- Have met any applicable employer-imposed eligibility waiting period.
- Residents of Hawaii are not eligible.

Contribution requirements

(see page 26)[†]

- For all vision rider plans the employer must contribute at least 50% of the employee's premiums.
- For vision standalone plans, the employer must contribute at least 25% of the employee's premiums.

Group participation requirements

(see page 26)[†]

- Blue Shield must be the only vision plan offered.
- For vision rider plans, employee and dependent coverage must match medical. Otherwise, the group will be enrolled in an identical standalone plan.
- For all vision plans, the employer must have a group participation of 75% of all eligible employees.
- Employees refusing coverage because they are covered under group coverage are not counted toward the participation requirement.
- The group must maintain the required minimum participation level to remain eligible (or 100% participation, if non-contributory). Groups are subject to non-renewal if participation falls below the required minimum.
- If a husband and wife/domestic partner both work for the same employer, they may apply separately as employees or one may be a dependent on the other's coverage. If each enrolls separately as an employee, any children of such persons may enroll as dependents of either.

Carve-out groups

(see page 25)[†]

- Employer groups with 2 to 50 eligible employees that wish to limit enrollment to a specified group of employees ("carve-out groups") must meet the following additional requirements:
- Carve-out groups may include for underwriting consideration class carve-outs such as management only, salary versus non-salary, or union versus non-union.
- A minimum of eight enrolling employees is required.
- A list of the job classifications that the employer wishes to cover will be required with the carve-out classification identified.
- Blue Shield must be the employer's only carrier for the carve-out section of the group.

Rating criteria

(see page 28)[†]

Rate adjustment factor (RAF) range

- Ancillary benefits are not subject to RAF.

Group enrollment checklist

(see page 29)[†]

The following are required documentation when submitting new business:

- **Master Group Application** for rider plans, or
- **Ancillary Master Group Application** for standalone plans.
- **Applications** from all enrolling employees and dependents.
- **DE-6 and Refusal of Personal Coverage** forms are not required.
- **Business check** payable to Blue Shield of California for a vision rider plan (may be combined with medical payment), **or** a
- **Business check** payable to Blue Shield Life for a standalone vision plan.

[†] For complete guidelines a group must comply with the criteria outlined in the Small Group Underwriting Guidelines for Producers, 2 to 50, A16060 (1/08). The page numbers referenced above provide the page number on which the detailed information appears on the ancillary section in full guideline.

