



Underwriting Guidelines For Groups with 2 to 50 Eligible Employees New Jersey

Carve Outs/Excluded Class

- Union employees, as a class, may be excluded by an employer, as not being eligible for coverage.
- Management carve outs are not permitted.

Census Data - required to obtain a quote for all products

- Census data must be provided on all eligible (and COBRA eligible) employees and includes name, age/date of birth, date of hire, gender, dependent status, and residence zip code.
- Retirees are not eligible.

COBRA Eligible

- COBRA eligible should be included on the census.
- Date COBRA coverage began will be required at time of enrollment.

Cut Off Dates

- Groups with 2 to 50 eligible employees must have all completed paperwork into Aetna Underwriting 1 business day prior to the requested effective date. If not received by this date, the effective date will be moved to the next month.

Dependent Eligibility

- Eligible dependents include an employee's spouse and unmarried children up to the limiting age of the plan (age 19 or 23 if fulltime student).
- Domestic Partners are not considered eligible dependents.
- Individuals cannot be covered as an employee and dependent under the same plan, Children eligible for coverage through both parents cannot be covered by both parents under the same plan.
- Dependents must enroll in same benefit options as the employee.

Dual Product Option

- Dual product option is when more than one Aetna plan is offered to members in the same network or service area.
- We strongly recommend groups 2 – 19 eligibles offer 1 plan option.

Effective Date

- The effective date will be the 1st or the 15th of the month.
- The effective date requested by the employer may be up to 60 days in advance.

Employer Contributions

- Coverage can be denied if the employer contributes less than 10% of an employee's annual premium

Employee Eligibility

- Eligible employees are those employees who are permanent and work on a full-time basis with a normal workweek of at least 25 hours, and who have met any authorized waiting period requirements.
- This includes a sole proprietor with two or more eligible employees, 1099 Contractors or a partner of a partnership if included as an employee under the health benefit plan of a small employer.
- Coverage must be extended to all employees meeting the above conditions, unless they belong to a union class excluded as the result of a collective bargaining arrangement.
- Employees who do not meet the definition of a permanent full-time employee will not be eligible, (e.g. Leased, part-time, temporary, seasonal or substitute employees)
- NJ Small Group reform excludes union employees who are covered by a collective bargaining agreement.

Note: State and Federal Legislation/Regulations, including Small Group Reform and HIPAA, take precedence over any and all Underwriting Rules. Exceptions to Underwriting Rules require approval of Head Regional Underwriter except where Chief Underwriter approval is indicated.

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Employer Eligibility

- Medical plans can be offered to sole proprietorships with two or more eligible employees, partnerships or corporations.
- Organizations must not be formed solely for the purpose of obtaining health coverage.
- Associations, Taft Hartley groups, Professional Employers Organizations (PEO)/employee leasing firms must be written individually and are not eligible to be combined for purposes of obtaining health coverage. A copy of the certificate of fictitious name should be provided.
- Submission of the most recent WR30/quarterly Wage and Tax Statement which must contain the names, salaries, etc. of all employees of the employer group.
 - If there are employees who have the same last name, provide a W-2 for each employee or WR-30.
 - Employees who have terminated or work part-time should be noted accordingly on the WR-30.
 - Employees not listed on the WR30 should have a W4 or payroll stub sent in with the WR-30.
- If a WR-30 is not available – submit one from Category 1 and one from Category 2:

Category 1	Category 2
<ul style="list-style-type: none"> ➤ IRS 1040 Schedule C or F ➤ IRS 1065 – Partnership Income ➤ IRS 2106 – Employee Business Expense ➤ IRS 1120 – Corporate Income ➤ IRS 941 – Not for profit use only ➤ 1099 – Payment of Independent Contractor ➤ IRS 990 – Return of organization Exempt from Tax 	<ul style="list-style-type: none"> ➤ Articles of Incorporation ➤ Partnership Agreement ➤ Current Business, state or occupational (not professional) license ➤ Affidavits from customers or suppliers ➤ Personal records of receipts, expenditures, invoices, suitable for audit ➤ Leases and other contracts

Employer Financial Conditions:

- Coverage will not be provided to groups that are not in sound financial condition.
- Dun & Bradstreet reports may be reviewed for financial soundness.
- Current carrier bill with billing summary will be required, bill must include an account summary showing the plan is paid to the current premium due date.
- Groups that have been terminated for non-payment by Aetna will not be eligible to reapply until 12 months after the date of termination.

Initial Premium Check

- The initial premium check is not a binder check and does not bind Aetna to provide coverage.
- An initial premium check equal to one month’s premium must accompany application.
- If the request for coverage is denied due to business ineligibility, participation and/or contributions not met, or other permissible reasons, a refund check will be returned to the employer.
- Checks must be on company check stock, (personal checks not acceptable).

Late Applicants

- Late applicants will be enrolled as of the date the individual requests coverage subject to 31 days from the date of receipt of the application. Pre-existing condition limitations will apply.
(ex. Application signed 1/1 requesting 1/1 effective date, received by underwriting on 7/1, earliest effective date will be 6/1)

Newly Formed Business

Must provide the following documentation for consideration:

- Payroll records or letter from attorney or Certified Public Accountant listing the names of all employees and number of hours worked each week; and
- Tax I.D Number

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Option Sales

- It is strongly recommended that Aetna be the sole carrier for groups with 2 – 19 eligible employees.

Participation

- Groups with 2 to 50 eligible lives - 75% of eligibles must enroll including those covered under a spouse's health benefits plan, Medicare or another group health benefits plan.
Example: 22 lives, 2 covered under spouse
 $22 \times 75\% = 16.5$, rounded down = 16
 $16 - 2$ (covered under spouse) = 14 must enroll.
- Dependent participation is not required.
- Employees waiving due to individual, governmental (Medicare or Medicaid) or spousal coverage must complete the waiver section and provide proof of other coverage by providing a copy of the spouse's I.D. card.
- Coverage can be denied based on inadequate participation.

Probationary Period

- It is the employer's decision whether or not to impose a probationary period.
- This must be consistently applied within a class of employees.
- If there is a dual product offering, the probationary period must match the other carrier's probationary period.
- In all cases, the effective date for a new employee will coincide with the premium due date, i.e. the first or the 15th of the month.

Producers

- Only appropriately licensed Agents/Producers appointed by Aetna may market, present, sell and be paid commission on the sale of Aetna Products.
- All quotes are subject to change based upon additional information that becomes available in the quoting process and during the case submission/installation, including any change in census.

Rate Tier Structure

- 4 tiers required.
- Class Rated based on demographics.

Replacing other Group Coverage

- A copy of the current billing statement that includes the account summary showing the plan is paid to the current premium due date.
- The employer should be told not to cancel any existing medical coverage until they have been notified of approval.

Retiree Eligible

- Retiree coverage is not available.

Service Areas/Commuters

- Any active employee, who lives in a state other than where the company is domiciled, is considered a commuter.
- In order for Aetna to accommodate commuters we must cover the active employees in the domiciled state.
- Commuters will be offered a small group benefit plan applicable to their state of residence and rated accordingly.
- There must be an average of 5 employees located in each service area to be eligible for HMO Benefits. If an average of 5 employees is not met, an out of area plan will be offered to commuters outside the domiciled state.

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