

UNDERSTANDING THE EMPLOYER CONTRACT

**ROGERS
BENEFIT
GROUP**

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AGENDA



- Employer Contract Provisions
- Employer address
- Waiting Period
- # Hours Worked for Eligibility
- ERISA
- Leave of Absence or (LOA)
- Prior Carrier Info
- Participation
- Contribution
- COBRA-Fed or Cal
- Medicare Primary or Secondary
- Total # of Employees
- Employer Signature

WHAT IS THE EMPLOYER CONTRACT?



- Agreement between the insurance carrier and the employer
- Sets parameters for the group contract to be applied through the plan year
- Sets expectations for which ER will subject employees
 - Carrier offered – United Healthcare
 - Waiting period
 - # hours worked to be eligible
 - Fed or Cal-COBRA
 - Employer Contribution
 - All provisions must be non-discriminatory

SAMPLE GROUP | ABC COMPANY



- ABC Company is in Santa Clara, CA
- 15 total employees
- Waiting period is First of the Month following Date of Hire (FOM following DOH)
- 30 hours per week for hours of eligibility
- Sample Group will be applying for coverage with United Healthcare
- Employer application can be found: <https://www.rbgcal.com/wp-content/uploads/2015/11/UHC-Employer-Application-CA-Small-Group-10.19.pdf>

ELIGIBILITY HOURS, WAITING PERIOD, WORKERS' COMP, AND ERISA

Organization Type: <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input checked="" type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> LLP <input type="checkbox"/> Non-Profit <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Other		Nature of Business Cheese		Industry (SIC) Code 9999
Did you have any employees other than yourself and your spouse or registered domestic partner during the preceding calendar year? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Multi-Location Group* <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		# of Locations 1		
Address(es) (Use additional sheet of paper if necessary)				
*If the majority of your employees are not located in your state of application, UnitedHealthcare policies and/or state law may require that your policy be written out of a different state and/or that your benefit plans vary.				
#of hours per week to be eligible 30	Classes Excluded (if applicable): <input checked="" type="checkbox"/> None <input type="checkbox"/> Union <input type="checkbox"/> Hourly (# of hours _____) <input type="checkbox"/> Non-Management	Waiting Period for New Hires (Not to exceed 90 calendar days) <input checked="" type="checkbox"/> 1st of the month following Date of Hire <input type="checkbox"/> 1st of the month following _____ [months] [days] of employment <input type="checkbox"/> Date of Hire (no waiting period) <input type="checkbox"/> _____ [months] [days] of employment following Date of Hire		Waiting Period for Rehire <input checked="" type="checkbox"/> 1st month following _____ [months] _____ [days]
Subject to ERISA Regulation <input type="checkbox"/> Yes <input type="checkbox"/> No (Most private sector plans are ERISA plans)		If No, please indicate appropriate category <input type="checkbox"/> Church (Additional information needed) <input type="checkbox"/> Indian Tribe - Commercial Business <input type="checkbox"/> Foreign Government/Foreign Embassy <input type="checkbox"/> Federal Government <input type="checkbox"/> Non-Federal Government (State, Local or Tribal) <input type="checkbox"/> Non-ERISA Other		
Have Workers' Comp <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Workers' Comp Carrier Name or Reason if no coverage State Fund		Names of Owners/Partners not covered by Workers' Comp	

Hours of Eligibility

Waiting Period

Workers' Comp

HOURS OF ELIGIBILITY



- If hours of eligibility are set to 30 hours per week, all employees who work an average of at least 30 hours per week may be eligible for benefits
- If hours of eligibility are set to 20 hours per week, all employees who work at least 20 hours per week may be eligible for benefits
- Hours of eligibility for group contracts can be set to 20 hours or 30 hours—cannot be set to 40 hours or less than 20 hours

WAITING PERIOD



- Determines when an employee is eligible for benefits
- Waiting period cannot exceed 90 days per ACA regulations
- Most carriers have options to stay in compliance with ACA such as:
 - First of the Month (FOM) following Date of Hire (DOH)
 - FOM following 30 days
 - FOM following 60 days
 - 91st day
- Example: Employee is hired on 3/15
 - FOM following DOH—Employee is eligible 4/1
 - FOM following 30 days—Employee is eligible 5/1
 - FOM following 60 days—Employee is eligible 6/1
 - 91st day—June 14, 2022 (Premium is pro-rated)

WORKERS' COMPENSATION



- Unless owner only group, groups must have workers' comp in place prior to applying for group coverage
 - Owners are not eligible for workers' comp
- If employee is hurt at work, insurance carrier will coordinate with workers' comp for coverage
- Workers' comp is purchased through P&C broker

ERISA



- ERISA stands for Employee Retirement Income Security Act of 1974
- Federal Law that sets minimum standards for most voluntarily established retirement and health plans in private industry to protect individuals
- Non-profits are usually exempt from ERISA
- Establishes rules on the federal income tax effects of transactions associated with employee benefits plans
- Sample standards:
 - ERISA notice
 - ID card
 - EOC
 - Wrap Document

CURRENT COBRA PARTICIPANTS

Names of Persons currently on COBRA/Continuation:

Name	<input type="checkbox"/> COBRA <input checked="" type="checkbox"/> Cal-COBRA <input type="checkbox"/> COBRA-AB1401 <input type="checkbox"/> Extended/Disabled COBRA	COBRA Qualifying Event	COBRA Date of Qualifying Event
Jane Doe		Termination	01/01/2020
John Doe	<input checked="" type="checkbox"/> COBRA <input type="checkbox"/> Cal-COBRA <input type="checkbox"/> COBRA-AB1401 <input type="checkbox"/> Extended/Disabled COBRA	Termination	01/01/2022

What is qualifying event (QE)

Date of QE

- COBRA enrollees from prior plan will piggyback onto new plan
- COBRA qualifying event and event date needed in order to calculate how much COBRA eligibility is remaining for the enrollee

PRIOR CARRIER INFO AND LEAVE OF ABSENCE (LOA)

General Information (continued)

Has the Group been insured/covered by UnitedHealthcare in the last 12 months? Yes No If yes, date coverage terminated

		Name of Carrier	Coverage Begin Date	Coverage End date
Current Medical Carrier	<input type="checkbox"/> None	Humana Insurance	06/01/20	05/31/20
Current Dental Carrier	<input type="checkbox"/> None			
Current Vision Carrier	<input type="checkbox"/> None			

UnitedHealthcare's Leave of Absence (LOA) Policy; Eligibility for Medical Coverage

If the employee is on an employer approved leave of absence and the employer continues to pay required medical premiums, the coverage will remain in force for: (1) No longer than 13 consecutive weeks for non-medical leaves (i.e. temporarily laid-off). (2) No longer than 26 consecutive weeks for a medical leave. Coverage may be extended for a longer period of time, if required by local, state or federal rules.

If the employee's medical coverage terminates under this LOA policy, the employee may exercise the rights under any applicable Continuation of Medical Coverage provision or the Conversion of Medical Benefits provision described in the Certificate of Coverage.

Do you continue medical coverage during a leave of absence (not including state continuation or COBRA coverage)?

- Yes, we continue medical coverage during an approved leave of absence for full time* employees (as defined below).
- No, we do not offer medical coverage during a leave of absence.

PRIOR CARRIER INFO AND LOA



- Prior carrier info required for COBRA takeover and for deductible credit
- Leave of Absence (LOA) policy carrier needs to know if in place if there's ever an audit on the group
- LOA policy must be non-discriminatory

PARTICIPATION AND CONTRIBUTION

Participation		# Employees Applying for:		# Employees Waiving for:		Contribution	Employer %	Employer % for Dep
# Full-Time (30 hours per week over the course of a month) Eligible Employees Enrolling in CA	15	Medical	10	Medical	5	Medical	99%	50%
# Part-Time (20-29 Hours) Eligible Employees Enrolling in CA	0	Dental		Dental		Dental		
# Full-Time (30+ Hours) Eligible Employees Enrolling Outside of CA	15	Vision		Vision		Vision		
# Part-Time (20-29 Hours) Eligible Employees enrolling Outside of CA	0	Other		Other		Other		
# Employees in Waiting Period (Not exceed 90 calendar days)	0							
Total # Employees Waiving	5							
# Ineligible Employees (other than noted above)	0							
Total # Employees	15							

Used to determine eligibility and calculate participation

Contribution must be non-discriminatory

GROUP SIZE INCL COBRA, MEDICARE PRIMARY, AVERAGE GROUP SIZE

Questions Regarding Group Size

<input type="checkbox"/> COBRA <input type="checkbox"/> State Continuation (e.g., Cal-COBRA)	<p>Under federal law, if your group had 20 or more employees on your payroll on at least 50% of the group's working days of the preceding calendar year, you must provide employees with COBRA continuation. If your group had fewer than 20 employees, you must provide State Continuation.</p>
<input type="checkbox"/> Medicare Primary <input type="checkbox"/> Plan Primary	<p>Under federal law, if your group had 20 or more employees during 20 or more calendar weeks in the preceding calendar year, the Health Plan is primary and Medicare is secondary. This statement does not set forth all rules governing group level Medicare status. The Group should contact their legal and/or tax advisor(s) for information regarding other rules that may impact the Group's Medicare status. Under federal law it is the Group's responsibility to accurately determine its Medicare status.</p>
Enter the Prior Calendar Year Average Total Number of Employees <input type="text"/>	<p>Under Health Care Reform law, the number of employees means the average number of employees employed by the company during the preceding calendar year. An employee is typically any person for which the company issues a W-2, regardless of full-time, part-time or seasonal status or whether or not they have medical coverage. To calculate the annual average, add all the monthly employee totals together, then divide by the number of months you were in business last year (usually 12 months). When calculating the average, consider all months of the previous calendar year regardless of whether you had coverage with us, had coverage with a previous carrier or were in business but did not offer coverage. Use the number of employees at the end of the month as the "monthly value" to calculate the year average. If you are a newly formed business, calculate your prior year average using only those months that you were in business. Use whole numbers only (no decimals, fractions or ranges).</p>
Enter the Prior Calendar Year Full Time Equivalent Total Number of Employees <input type="text"/>	<p>For purposes of determining your number of full-time equivalent employee count, the number of employees means the average number of employees employed full-time (at least 30 hours/week in any given month), by the company on business days during the preceding calendar year.</p> <p>In addition to the number of full-time employees noted above, for any month otherwise determined, include for such month the number of full-time employees divided by the aggregate number of hours of service of all employees who are not full-time employees for the month by 120. Employers should exclude employees who were seasonal workers who worked 120 days or fewer in the preceding calendar year.</p>

COBRA



- Under federal law, if your group had 20 or more employees on payroll on at least 50% of the preceding calendar year, you must provide employees with COBRA continuation (Federal COBRA)
- If your group had fewer than 20 employees, you must provide State Continuation or (Cal-COBRA)
- For COBRA calculation, it is calculated simply by the total number of employees regardless of eligibility
- Federal COBRA is the employer's responsibility to administer
- Cal-COBRA is administered by the insurance carrier

MEDICARE PRIMARY OR MEDICARE SECONDARY



- Under federal law, if your group had 20 or more employees during 20 or more calendar weeks in the preceding calendar year, the health plan is primary and Medicare is secondary
- Inversely, if your group had less than 20 employees during 20 or more calendar weeks in the preceding calendar year, Medicare is primary and the group health plan is secondary
- This is counted with the total # of employees, not just eligible employees
- This means that if a member has double coverage, Medicare and the group plan, this will determine if Medicare will pay first (primary) or after the group plan (secondary)

TOTAL # OF EMPLOYEES AND FULL-TIME EQUIVALENTS (FTE'S)



- Average total number of employees – Carrier wants to make sure that the group has 1-100 employees
- Average total number of full-time equivalent employees – Carrier wants to make sure the group has 1-100 FTE employees in order to be eligible as a small group
- ACA rules and regulations come into effect for employers of 50 or more FTE
 - Must offer affordable coverage to at least 95% of full-time employees

GROUP SIZE CONTINUED

Questions Regarding Group Size (continued)

<input type="checkbox"/> Yes <input type="checkbox"/> No	Do you currently utilize the services of a Professional Employer Organization (PEO) or Employee Leasing Company (ELC), Staff Leasing Company, HR Outsourcing Organization (HRO), or Administrative Services Organization (ASO)?						
<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Is your group a Professional Employer Organization (PEO) or Employee Leasing Company (ELC), or other such entity that is a co-employer with your client(s) or client-site employee(s)?</p> <p>If you answered Yes, then by signing this application you agree with the certification in this section.</p> <p>I hereby certify that my company is a PEO, ELC or other such entity and that only those employees that are the corporate employees of my company, and not my co-employees, are permitted to enroll in this group policy. If my group at any point after I sign this application determines that the group will provide coverage to the co-employees under the group's plan, I understand that UnitedHealthcare will not cover the co-employees under this group policy.</p>						
<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Does your group sponsor a plan that covers employees of more than one employer?</p> <p>If you answered Yes, then indicate which of the following most closely describes your plan:</p> <table border="0" style="width: 100%;"> <tr> <td><input type="checkbox"/> Professional Employer Organization (PEO)</td> <td><input type="checkbox"/> Governmental</td> </tr> <tr> <td><input type="checkbox"/> Multiple Employer Welfare Arrangement (MEWA)</td> <td><input type="checkbox"/> Church</td> </tr> <tr> <td><input type="checkbox"/> Taft Hartley Union</td> <td><input type="checkbox"/> Employer Association</td> </tr> </table>	<input type="checkbox"/> Professional Employer Organization (PEO)	<input type="checkbox"/> Governmental	<input type="checkbox"/> Multiple Employer Welfare Arrangement (MEWA)	<input type="checkbox"/> Church	<input type="checkbox"/> Taft Hartley Union	<input type="checkbox"/> Employer Association
<input type="checkbox"/> Professional Employer Organization (PEO)	<input type="checkbox"/> Governmental						
<input type="checkbox"/> Multiple Employer Welfare Arrangement (MEWA)	<input type="checkbox"/> Church						
<input type="checkbox"/> Taft Hartley Union	<input type="checkbox"/> Employer Association						
<input type="checkbox"/> Yes <input type="checkbox"/> No	Do you have common ownership with any other businesses? If you own multiple companies, or a parent-subsidary relationship exists between your company and another, this may indicate common ownership of businesses.						

GROUP SIZE CONTINUED



- PEO, groups with union employees, churches and employer association groups will have additional or different underwriting requirements
- For instance, a group coming from a PEO may require the payroll from the PEO and a letter terminating the PEO agreement.
- Groups with common ownership may be considered a single employer group.

EMPLOYER SIGNATURE



- Employer application must be signed by owner or corporate officer
- If you don't know who the owner or corporate officer is, you can check the California Business Portal
- Link to CA Business Portal:
<https://bizfileonline.sos.ca.gov/search/business>



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