

# Medical Underwriting Guidelines

As of 4/1/2017

| Category  | Small Group   | Large Group   |
|---|---|---|
| <b>Group Size</b>   | 1-100 eligible employees, based on FTE (full-time equivalents) count.   | 101+ FTE.   |
| <b>Products Available</b>   | <u>Four Products:</u> Plan P5, Plan P20, Platinum Mirror Plan (PM), and Gold Mirror Plan (GM).  | <u>Five Products:</u> Value Plan 5 (VP5), Value Plan 10 (VP10), Value Plan 20 (VP20), Plan MEP and Plan QEP.  |
| <b>Metal Levels</b>   | MEHP offers Platinum & Gold metal rated plans. <sup>i</sup>   | Not Applicable.   |
| <b>Minimum Essential Coverage (MEC)</b>                                     | All four small group products have MEC.   | All five large group products have MEC.   |
| <b>Minimum Value (MV)</b>   | All four small group products have MV.  | All five large group products have MV.  |
| <b>MEHP Product Combinations</b>  | Yes, as long as P5 or P20 is one of the combination plans.  | Yes, as long as VP10 or VP20 is one of the combination plans.   |
| <b>Split Carrier Product Combinations (MEHP alongside a CA Carrier)</b>     | May be sold alongside any CA HMO/PPO. <sup>ii</sup>   | May be sold alongside any CA HMO/PPO.   |
| <b>MEHP as Sole Carrier (the only group coverage plan)</b>                  | Allowed, but discouraged. <sup>iii</sup>  | Allowed, but discouraged.   |
| <b>Provider Network</b>   | Full service provider network in Mexico. Emergency and Urgent Care covered in U.S.  | Full service provider network in Mexico. Emergency and Urgent Care covered in U.S.  |
| <b>Drug Formulary Options</b>   | 4-tier Formulary. Drugs not on the recommended list would be subject to non-formulary tier cost sharing.  | 4-tier Formulary. Drugs not on the recommended list would be subject to non-formulary tier cost sharing.  |
| <b>HRA &amp; Wrap</b>   | Allowed.  | Allowed.  |
| <b>Pediatric Dental &amp; Vision</b>  | MEHP provides these benefits; rates are imbedded in plan premium.   | Not Applicable.   |
| <b>Taxes &amp; Fees</b>   | All applicable ACA and State Taxes and Fees are included in the group premium.  | All applicable ACA and State Taxes and Fees are included in the group premium.  |
| <b>Riders</b>   | Optional Dental Plan  | Optional Dental Plan  |
| <b>Affiliated Companies/ Common Ownership (MEHP alongside a CA Carrier)</b> | MediExcel will accept the same documentation as the other carrier to demonstrate common ownership.  | MediExcel will accept the same documentation as the other carrier to demonstrate common ownership.  |
| <b>Affiliated Companies/ Common Ownership (MEHP as Sole Carrier)</b>        | Provide documents that show common ownership, such as tax return, corporate documents, or DE-9C.  | Provide documents that show common ownership, such as tax return, corporate documents, or DE-9C.  |
| <b>Rate Guarantee</b>   | 12 months as of effective date.   | 12 months as of effective date.   |
| <b>Rates</b>  | Age rated per small group premium table. Ages based on January 1 <sup>st</sup> of the contract effective or renewal date. <sup>iv</sup>   | Composite; 3 or 4 tier composite rates available for VP Plans.<br>Book Rates: 3 or 4 Tier Book Rates available for MEP and QEP Plans.   |
| <b>Employer Contribution (MEHP alongside a CA Carrier)</b>                  | Dollar amount of the employer's contribution to MEHP should be no less than 80% of the dollar amount of the employer's contribution to the other CA health plan (not to exceed 100% of the MEHP premium). | Dollar amount of the employer's contribution to MEHP should be no less than 80% of the dollar amount of the employer's contribution to the other CA health plan (not to exceed 100% of the MEHP premium). |

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| <b>Employer Contribution (MEHP as Sole Carrier)</b>      | No minimum employer contribution is required.  | <ul style="list-style-type: none"> <li>For VP5, VP10, VP20, MEP or QEP: Minimum 50% of employee rate.</li> <li>Note: QEP and MEP may be offered on voluntary basis (no minimum contribution).</li> </ul> |
| <b>Participation (MEHP alongside a CA Carrier)</b>       | Minimum participation is 1 enrolled employee.  | Minimum participation is 1 enrolled employee.  |
| <b>Participation (MEHP as Sole Carrier)</b>              | Minimum participation is 1 enrolled employee.  | Minimum participation is 1 enrolled employee.  |
| <b>Carve-Outs</b>  | Allowed. The carve-out classes must be IRS non-discriminatory and in compliance with ACA. All others must be offered insurance. <sup>v</sup> | Allowed. The carve-out classes must be IRS non-discriminatory and in compliance with ACA. All others must be offered insurance.  |
| <b>Census or Online Enrollment</b>                       | A census spreadsheet will be accepted if all enrollment information for employees and dependents is provided.                                | A census spreadsheet will be accepted if all enrollment information for employees and dependents is provided.  |
| <b>Divisional Billing</b>                                | Available.   | Available.   |
| <b>Ineligible Groups</b>                                 | None.  | None.  |
| <b>Ineligible Employees</b>                              | Part-time working less than 20 hours, as well as 1099 employees shall be considered on a case-by-case basis.                                 | Part-time working less than 20 hours, as well as 1099 employees shall be considered on a case-by-case basis.   |
| <b>Medical Questions</b>                                 | Not Applicable.  | Yes.   |
| <b>Quoted vs. Enrolled</b>                               | Not Applicable.  | If enrollment varies from quoted by +/-5%, then group may be re-rated.   |
| <b>Virgin Groups</b>                                     | Allowed; no additional requirements.   | Allowed; no additional requirements.   |
| <b>COBRA/Cal-COBRA</b>                                   | No maximum.  | No more than 10% of enrolled MEHP subscribers may be on COBRA.   |
| <b>Employee Only Coverage</b>                            | Not allowed.   | Allowed. Employers must monitor enrollment. If dependents appear on enrollment form, they will be enrolled.  |
| <b>Owner Only Groups</b>                                 | Not allowed.   | Not allowed.   |
| <b>Out-of-State Employees</b>                            | Not allowed.   | Not allowed.   |
| <b>Newly Formed Groups (MEHP alongside a CA Carrier)</b> | MediExcel will accept the same requirements as the CA Carrier.   | MediExcel will accept the same requirements as the CA Carrier.   |
| <b>Newly Formed Groups (MEHP as Sole Carrier)</b>        | Must be in business 30 days.   | Must be in business 30 days.   |
| <b>Valid Waivers</b>                                     | CA Carrier Coverage, Covered California, Group Spousal Coverage, Medicare, Medi-Cal, COBRA, Active Duty Military.                            | CA Carrier Coverage, Covered California, Group Spousal Coverage, Medicare, Medi-Cal, COBRA, Active Duty Military.  |
| <b>Waiting Period Options</b>                            | Any ACA/State compliant period is acceptable. Coverage begins on first day of the month.   | Any ACA/State compliant period is acceptable. Coverage begins on first day of the month.   |

## Notes

<sup>i</sup> All small group products are assigned a metal level. Level is indicated in the plan name by P (Platinum) and G (Gold). MEHP only offers Platinum and Gold Metal rated products.

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<sup>ii</sup> When MEHP is offered as Slice Business as a new coverage plan or at renewal, MEHP's product size must match the CA carrier's product size. MEHP Small Group products may only be offered alongside a CA carrier's small group age-rated coverage plans. MEHP Large Group products may only be offered alongside a CA carrier's large group coverage plans.

<sup>iii</sup> Allowed, but strongly discouraged as not all eligible employees may prefer cross-border health care coverage.

<sup>iv</sup> Age rated as per Small Group Premium Rate table in effect on Group's effective date. Rates based on enrollee's age as of January 1<sup>st</sup> of the year in which group contract became effective/renewed. Age rate adjustments occur on renewal date based on enrollee's age as of January 1<sup>st</sup> of the renewal year. New hire enrollees rate based on the enrollee's age as of January 1<sup>st</sup> of the year that contract/renewal became effective.

<sup>v</sup> Allowed. The carve-out classes must be IRS non-discriminatory and in compliance with ACA, and all eligible employees in the non-carve-out class are offered coverage.