



H.I.H.I.T Underwriting Guidelines Conditions of Offering 2011

Coverage provided by Group Health Options, Inc. and KPS

The proposed rates and benefits included on the attached rate page(s) are based on the contribution and participation requirements below. If any of the following are not met, Group Health or KPS Health Plans reserves the right to withdraw our rate proposal, decline coverage, re-rate the proposal, or terminate your Group Agreement.

General Guidelines

- All plans will be considered to be non-grandfathered plans.
- Provisions of the Federal Patient Protection and Affordable Care Act will result in certain changes to benefits which are effective January 1, 2011. Final guidance has not been issued for this legislation. Additional benefit changes may be necessary once final guidance is received. Additional rate impact for these changes may apply
- All groups must maintain an active membership with an Endorsing Sponsor of HIHIT.
- The employer must contribute at least 50 percent of the employee-only monthly premium and contributions must be nondiscriminatory.
- Work-related illnesses and injuries are not covered unless specified in the contract.
- Quote does not include coverage for retirees, including early retirees, unless specified.
- Proposal does not include coverage for seasonal employees.
- Rates are guaranteed for 12 months.
- An employer-employee relationship must exist, with the employee represented as a W-2 employee on the payroll as receiving a wage or commission. Documentation substantiating this relationship may be required.
- Rates assume one legal entity with at least 51% or more ownership.
- Proposed rates and benefits assume that at least 50 percent of all eligible employees are enrolled in a company-sponsored plan, excluding those waiving coverage. Desired target is 75% of all eligible enroll.
- New employees/dependents must enroll within 31 days of becoming eligible for an effective date matching the eligibility date, or they must wait until open enrollment. Children must be enrolled within 60 days of birth or adoption.
- All employees enrolling must complete an Enrollment Application. Eligible employees who decline to enroll must complete a Waiver of Coverage form.

- The subscriber's legal spouse and dependent children are eligible. Children are covered up to age 26 if they do not have access to their own employer's health plan. Domestic partner coverage is included based on WA State required guidelines. Employers may extend domestic partner definition upon request.
- The probationary period must be nondiscriminatory.
- The employee must enroll in order for dependents to enroll.
- 4th Quarter carryover of deductible is excluded from all plans.
- Groups with 10 or more enrolling subscribers may offer two benefit plans with Group Health. A minimum of 5 subscribers must be enrolled in each plan offered.

Group Health Non Compete Policy

- Groups currently enrolled on a direct basis with Group Health, requesting a Group Health Association quote:
 - Groups currently covered under a medical plan underwritten directly by Group Health are eligible for Association coverage, provided the Group has been a member of the Association for at least six months, and meets all other requirements for coverage. Quotes must be developed and approved by the Group Health Underwriting department. Rates will not be lower than the renewal direct quote. No quotes will be allowed for groups off anniversary.
- Groups currently enrolled through a Group Health Association, requesting a quote through another Group Health Association:
 - Groups of any size that are currently covered by a Group Health Association may be eligible for coverage through another Association plan underwritten by Group Health, as long as the Member Firm has been a member of the other Association for at least six months and meets all other requirements for coverage of the other Association and Group Health. Quotes must be developed and approved by the Group Health Underwriting department. Rates will not be lower than the renewal direct quote. No quotes will be allowed for groups off anniversary.
- Groups currently enrolled through a Group Health Association, requesting a direct quote from Group Health Cooperative:
 - Groups of any size that are currently covered by a Group Health Association have the right to request a quote for a direct contract. For small groups (under 51 total employees) they will be offered the in-force plan and rate options filed with the State of Washington for small group plans offered at that time. For large groups (51 and over total employees) the group will be rated separately, but will not be given a rate that is lower than that being offered through the Association for a period of 12 months. If direct rating would produce a rate higher than the rate the Group was being offered through the Association, that rate will become the default rate for

contracting directly with Group Health and Group Health Options, Inc.

Rate Level Determination

- New business rate levels will be determined evaluating the health risk presented (mandatory), SIC, demographics, contribution and geographic location of the business.
- Renewal rate level changes are based on the group's change in: loss ratio, contribution, and demographic changes from the current 12 months of experience versus the prior 12 months of experience. If a group has less than 24 months of experience only the change in contribution and demographic will be considered.
- Increasing the contribution level can moderate the group rate level and offer rate relief.
- Groups over 100 subscribers and 200 members will be rated by Group health underwriting and experience will be required if available.
- Groups who have termed from the Association within the last 24 months will be rated by Group Health using available experience.