



## Underwriting Assumptions & Caveats for Small Group Plans

- To be eligible for these rates and benefits all employers must: 1) have its principal place of business in AvMed's Service Area 2) have employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year, and 3) employ at least 2 employees on the first day of the plan year. Groups with one eligible employee may enroll during the annual open enrollment period during August of each year, with an effective date of October 1. For details on AvMed's service area, visit [www.avmed.org](http://www.avmed.org). **NOTE:** Engage, Empower, Focus, Flex, Elect, Elite, Achieve and Agility products may be available only in select counties within our service area. Please contact your service representative for details.
- These rates are valid for total replacement coverage and include a standard commission schedule. ACA Composite rates require 10 or more Subscribers (excluding Cobra qualified beneficiaries) to enroll; otherwise, Per-Member rates will be issued.
- Eligible employers must have, and be willing to prove, the existence of an employer/employee relationship. Companies that consist of only a sole owner, or a sole owner and his/her spouse or dependent children, do not meet the definition of employer or employee under ERISA, and are therefore ineligible for group coverage.
- Eligible employees are those employees that are permanent and work on a full-time basis with a normal workweek of at least 25 hours, that live or work in AvMed's Service Area, and that have met any authorized waiting period requirements. Part-time, temporary or substitute employees are not eligible for coverage under this plan. Coverage must be extended to all employees meeting the underlying conditions. Management carve-outs are not permitted.
- The employer must contribute a minimum of 50% toward the single premium rate.
- If the employer pays 100% of the single premium rate, 100% of all eligible employees must have coverage through AvMed or through qualifying existing coverage. Otherwise, at least 70% of all eligible employees (less those with qualifying other coverage) must enroll in an AvMed product offering. Qualifying other coverage is defined as: Coverage through a spouse's employer-based group insurance plan or an ERISA qualified self-insurance plan, Medicare, Medicaid, Individual coverage, CHAMPUS, CHAMPVA, or Tricare.
- Groups that are not able to meet the minimum participation or employer contribution requirement may apply for coverage during an annual enrollment period from November 15 through December 15 of the preceding year for a January 1 Effective Date.
- 1099 eligibility will be limited to those groups where the number of 1099 eligible employees does not exceed 25% of the total eligible population (i.e. W-2 and 1099 combined).
- COBRA qualified beneficiaries are not included when determining group size, group participation, or if the group meets the minimum size requirements for ACA Composite rating.
- This proposal assumes a waiting period of no longer than the first of the month following 60 days from date of hire. In addition, the group's waiting period must be applied uniformly to all employees.
- Final rates and benefits are guaranteed for 12 months from the proposed effective date. However, AvMed reserves the right to adjust (re-rate) the Premium Rates during the Contract Year to account for material changes in group size or in the data supplied by the Subscribing Group to AvMed.
- Additional documentation may be required to verify compliance with AvMed's underwriting requirements.
- Current group coverage should not be cancelled until written confirmation of acceptance of coverage by AvMed is received.
- Renewal rates will be provided to the Subscribing Group, or their appointed representative, at least 30 days in advance of the Subscribing Group's anniversary date, unless there is a reduction in benefits. In instances where there is an increase in a copayment, deletion, amendment, or limitation of any of the Subscribing Group's contracted benefits, at least a 45 day advance notice will be provided. This notification requirement does not apply in instances where an increase in benefits occurs. Additionally, the 45-day notice requirement shall not apply if benefits are amended, deleted, or limited at the request of the contract holder. The Subscribing Group will in turn notify the individual members of the group, and AvMed will be deemed to have complied with its notification requirements by providing such notice to the Subscribing Group, or their appointed representative.
- AvMed has made every effort to ensure the accuracy of the information provided, but given the continuous improvements and ongoing development of our products and services, no warranty is made that the information provided is error-free. In addition, the information provided is limited in nature and may not contain all applicable terms, conditions, limitations, or exclusions of the products and services referenced.
- Multi-Option Guidelines:
  - Multi-Option Coverage is only available on an exclusive, total-replacement basis.
  - All plan option offerings must be made available to ALL eligible employees.
  - At least one "Active" employee must enroll in each plan offering (plans with COBRA-only enrollment are prohibited), and at least one Subscriber must be maintained in each plan in order for the group to renew under a multi-option offering.
  - Dual-Option is only available to groups with four or more enrolled Active employees.
  - Triple-Option is only available to groups with fifteen or more enrolled Active employees.