

# Here's all the nitty gritty.

## Oscar for Business Underwriting Guidelines\*

Small group health plans for New Jersey businesses with 1-50 employees

Effective from January 1, 2018

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\*Oscar Garden State Insurance Corporation ("Oscar")

# Hi, we're Oscar for Business.

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**We like simple. We like quick and easy.** So we simplified our underwriting guidelines to help you quickly understand which clients may be eligible for Oscar plans. Read on to get familiar with our policies and applicable state and federal laws.

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High level, here's what you need to know.

- 01.** Oscar for Business covers businesses with 1-50 full-time equivalent employees.
- 02.** A business must have a physical location in Oscar's Service Area.
- 03.** A business must employ eligible individuals who live, work, or reside in Oscar's Service Area.

Once a business has applied for coverage, Oscar's Eligibility Team will make the final decision to accept or decline the group for coverage, specify terms of coverage, or grant requests for changes, subject to Oscar's policies and applicable law. Agents and Brokers aren't authorized to bind or guarantee coverage, premium rates, or effective dates. Businesses should maintain their existing coverage during the application process.

This document does not include all the policies and guidelines that may apply, and we may change these policies in the future without notice, as permitted by law. You can find the most up-to-date underwriting guidelines at [hioscar.com/brokers/NJ](http://hioscar.com/brokers/NJ)

# Contents

## Group Eligibility

Group Size

Required Documents

## Member Eligibility

Employees

Dependents

## Requirements

Participation

Waivers

Employer Contribution

## Enrollment

New Hire Enrollment Period

Open Enrollment Period

Special Enrollment Period

Plan Selections

Classes

Coverage Effective Date

Waiting Periods

Rates

Fraud

Service Area

## Group Eligibility

A business is eligible for small group coverage if it meets the following requirements:

01. The business employed between one (1) and fifty (50) full-time equivalent (FTE) employees during the preceding calendar year. If the business didn't exist in the previous calendar year, then the group size is based on the average number of employees that it is reasonably expected to employ in the next calendar year.
02. The business employs at least 1 employee on the first day of the plan year.
03. The business has a physical location in Oscar's Service Area. A P.O. Box does not fulfill this requirement.

These groups are not eligible for coverage:

- A group comprised of the business owner and/or the owner's spouse, when there are no other employees enrolling, regardless of business structure
- Partnerships without employees
- Sole proprietors without employees
- S-Corp: 2% shareholders are excluded from employee count

## Group Size

Group size is a major factor in determining if a business is eligible for small group coverage. The group must have between one (1) and fifty (50) employees in the preceding calendar year. Group size is determined upon enrollment and certified annually no later than 60 days and no earlier than 150 days prior to renewal. Changes in group size throughout the year do not impact a group's eligibility.

To calculate group size, count:

- a. Employees working 30 or more hours per week as one employee;
- b. Employees working fewer than 30 hours per week (part-time employees). Sum the hours each part-time employee works per week multiplied by 4 and the product divided by 120 and rounded down to the nearest whole number.
- c. Add the number of full-time employees in (a.) above to the number that results from the part-time employee calculation in (b.) above. If the sum is at least 1 but not more than 50, the employer employs at least 1 but not more than 50 employees.

Seasonal workers or employees should not be included in the group size calculation and are not considered full-time employees. A seasonal worker or employee is one who works 120 days or fewer during the calendar year.

A temporary employee is one who works on a temporary basis with the understanding that their employment will end after a set period of time. A temporary employee may be the employee of a temporary agency, not the employer with whom they are temporarily working. Temporary employees should not be included in the group size calculation and are not eligible to be covered.

## Required Documents

To apply for business coverage, Oscar requires the following:

- Completed employer application
- Applications or waivers for all employees, including existing COBRA and State Continuation enrollees
- Employer certification
- Most recent Quarterly Wages and Tax Statement (QWTS); in New Jersey, this is the WR-30. If a WR-30 is not available, Oscar may request the employer's most recent payroll information.
- Payment for one month's premium via Automated Clearing House (ACH) or check. Oscar does not accept credit cards for premium payments.
- Upon request, documentation demonstrating the employer's business status, including an IRS Form 1120, Form 1040 Schedule C, Form 1065 Schedule K-1, or employee Form W-4s

## Member Eligibility

### Employees

"Employee" means an individual employed by a small group policyholder. An employee is eligible to participate in the small group plan if:

- The employee lives, works, or resides in Oscar's Service Area
- The employee meets the hourly requirements for eligibility

Eligible employees are common law employees who normally work at least 25 hours per week. A common law employee is anyone who performs services for an employer if the employer can control what will be done and how it will be done. The common law test to determine control would look at behavioral control, financial control and the type of relationship between the parties. Employees must be paid at least minimum wage.

Former employees who are eligible for COBRA or state continuation may enroll for the period permitted by law, though they should not be included in the group size calculation.

Oscar may request additional documentation, including payroll records and employee wage and tax filings, to determine an employee's eligibility.

The following types of employees are not eligible:

- Employees who do not live, work, or reside within the group's Oscar's New Jersey service area
- Employees who do not meet the definition of a common law employee under the Department of Labor and Internal Revenue Code Rules
- Former employees who are covered through retiree benefits
- Board of Director members and stockholders, unless they are also officers and working at least 25 hours per week
- Leased/shared employees
- Independent contractors
- Seasonal employees
- Temporary employees

## Dependents

Eligible dependents include:

- A legal spouse which, for purposes of dependent eligibility but not for purposes of defining an "Employee," shall include a civil union partner pursuant to P.L. 2006, c. 103 as well as same sex relationships legally recognized in other jurisdictions when such relationships provide substantially all of the rights and benefits of marriage, and a domestic partner pursuant to P.L. 2003, c. 246; except that a legal spouse shall be limited to spouses of a marriage as marriage is defined in Federal law with respect to: the provisions of the Policy regarding continuation rights required by the Federal Consolidated Omnibus Reconciliation Act of 1986 (COBRA), Pub. L. 99-272, as subsequently amended; and the provisions of this Policy regarding Medicare Eligibility by reason of Age and Medicare Eligibility by Reason of Disability; and,
- A dependent child until the end of the month in which they turn 26. An employee's dependent child includes: a) his or her legally adopted children, b) his or her step-child, c) his or her foster child, d) the child of his or her civil union partner, e) the child of his or her domestic partner, and f) children under a court appointed guardianship. Oscar treats a child as legally adopted from the time the child is placed in the home for purpose of adoption. Oscar treats such a child this way whether or not a final adoption order is ever issued. Under certain circumstances, an incapacitated child is also a Dependent. See the Incapacitated Children section of this Policy.
- A dependent who is a legal spouse includes a civil union partner and domestic partner. Spouses, domestic partners and civil union partners who work for the same employer may enroll separately, or one may enroll as a dependent under the other's coverage.

Children are eligible for coverage until the end of the month in which they turn 26. If a child's parents are employees of the same employer, the child may only be covered under one plan if the parents are enrolled individually. Child dependents may be eligible for an extension of coverage through their 31st birthday if continuation is elected by the employer and if the child meet the following requirements:

- Child dependent is not married
- Child has no dependents
- Child is a resident of New Jersey or is enrolled as a full time student
- Child is not provided coverage as a named subscriber, enrollee or covered person under any other health plan (cannot be entitled to Medicare)
- The child has elected coverage before his or her 30th birthday
- The employee completes the New Jersey mandated form to enroll dependents up to the age of 31

## Incapacitated Children

If an employee has an unmarried child with a mental or physical incapacity, or developmental disability, who is incapable of earning a living, they may be eligible to remain on the employee's group plan past the plan's dependent age limit. The child will stay eligible as long as the child remains unmarried and incapable of earning a living, if:

- The child's condition started before he or she reached the plan's age limit;
- The child became insured by this plan or any other policy before the child reached the age limit and stayed continuously insured after reaching such limit; and
- The child depends on the employee for most of his or her support and maintenance.

For the child to stay eligible, the employee must send Oscar written proof of incapacity or developmental disability and that the child depends on the employee for most of his or her support and maintenance to Oscar within 31 days of the date the child reaches the age limit. We may ask for periodic proof that the child's condition continues, but after two years, we cannot ask for such proof more than once each year.

In order to verify dependent eligibility, Oscar may request birth certificates, marriage documents, proof of domestic partnership, adoption papers or court orders when dependents are added to the policy.

## Requirements

### Participation

Enrolling businesses must have 75% or more full-time employees enrolled with Oscar or validly waiving coverage. The participation requirement does not apply to groups that enroll during the Open Enrollment Period which is from November 15 through December 15 for a January 1 effective date.

Participation is calculated by counting the number of eligible employees enrolling in coverage or validly waiving coverage and dividing by the number of eligible full-time employees. Participation is based on the number of employees working 25 hours or more.

### Waivers

The following are valid waivers, with respect to eligible employees covered by:

- Medicare
- Medicaid
- NJ FamilyCare
- Tricare
- Another comprehensive group health benefits plan offered by another employer
- As a dependent by a spouse or parent's group health benefits plan

### Contribution

Employers must contribute at least 10% of the total cost of the plan, except for groups enrolling during the Open Enrollment Period from November 15 through December 15 for January 1 effective dates.

## Enrollment

### New Hire Enrollment Period

Newly hired employees have 30 days from the date they become eligible to submit an application for coverage. If the employee does not enroll within 30 days, the individual will be considered a "late enrollee" and will not be able to enroll until the following annual enrollment period unless they qualify for a special enrollment period. During the employee open enrollment period, individuals who did not enroll during the new hire enrollment period may sign up for coverage and enrolled individuals may change plans or add dependents.

### Open Enrollment Period (New Business)

From November 15 through December 15, for an effective date of January 1 the following year, the minimum 75 percent employee participation and 10 percent employer contribution requirements will not apply to new groups applying for coverage.

### Special Enrollment Period

Outside of the annual enrollment period, a special enrollment period follows a triggering event (also known as a "qualifying event") (defined below) and provides an additional opportunity for late enrollees to enroll for coverage under the small employer's plan. A late enrollee means an employee or dependent that requests enrollment in a small employer health benefits plan after the end of the 30-day enrollment period provided under the employer's plan. In addition, employees and dependents that already have coverage are allowed to replace current coverage with a different plan, if any, offered by the small employer. The length of the special enrollment period is determined based on the nature of the triggering event.

When an employee or dependent (including the employee's spouse) loses coverage or experiences a qualifying event, they may be eligible for a special enrollment period. Please note that the employee and dependents must otherwise be eligible to enroll.

Triggering events giving rise to a 30-day special enrollment period are:

- The date a full-time employee or dependent loses eligibility for minimum essential coverage, including a loss of coverage resulting from the decertification of a qualified health plan by the marketplace. A loss of coverage resulting from nonpayment of premium, fraud or misrepresentation of material fact is not a triggering event;
- The date a full-time employee acquires a dependent or becomes a dependent due to marriage, birth, adoption, placement for adoption, or placement in foster care;
- The date a full-time employee's enrollment or non-enrollment in a qualified health plan is the result of error, misrepresentation, or inaction by the Federal government;

- The date a full-time employee or eligible dependent demonstrates to the marketplace that the qualified health plan in which he or she is enrolled substantially violated a material provision of its contract in relation to the enrollee;
- The date the full-time employee or dependent gains access to new qualified health plans as a result of a permanent move;

Triggering events giving rise to a 30-day special enrollment period are:

- The date the full-time employee or dependent loses or gains eligibility under Medicaid or NJFamilyCare; and
- The date of a court order that requires coverage for a dependent.

Triggering events giving rise to a 90-day special enrollment period exist when an eligible employee initially waived coverage and stated at that time that such waiver was because he or she was covered under another group plan, and the employee subsequently seeks to enroll under the employer's plan. Such employee and his or her dependents will be permitted to enroll within 90 days of the following events. Coverage will take effect as of the date of the applicable event, listed below:

- Termination of employment or eligibility;
- Reduction in the number of hours of employment;
- Involuntary termination;
- Divorce or legal separation or dissolution of the civil union or termination of the domestic partnership;
- Death of the full-time employee's spouse;
- Termination of the policyholder's contribution toward coverage; or
- Termination of the other plan's coverage.

Marriage, birth, adoption, placement for adoption or placement in foster care are also qualifying events. Coverage begins on the date of the marriage, birth, adoption, placement for adoption or placement in foster care, so long as the event and enrollment request is received by Oscar within 30 days.

## Plan Selection

Groups may choose three (3) plans per class. Plans without enrollees at initial enrollment will be available for new enrollees throughout the year.

## Employee Classes

Groups may choose to segment employees into different classes based on bona fide employment-based classifications, such as:

- Hourly employees
- Salaried employees
- Occupation
- Geographic worksite
- Date of hire or length of service.

Additional classifications are available, so long as the distinction in class is based on bona fide conditions pertaining to employment.

Participation requirements must be met at a group level.

## Coverage Effective Date

New groups may start coverage on the 1st or 15th of any month.

## Waiting Periods

Waiting periods are elected by the employer on the initial group application and may only be changed during the renewal period.

The employer may choose to cover employees on their date of hire or after completing an orientation and/or waiting period. The orientation period may be up to one month prior to the start of the waiting period. It is the employer's responsibility to administer the orientation period. Waiting periods begin the day following the completion of the orientation period and may be up to 90 days (maximum of 60 days for SHOP coverage). Employers may choose from the following waiting periods:

- 0 days (coverage begins on date of hire or on the day following the completion of the orientation period)
- 30 days
- 60 days
- 90 days (not available for SHOP coverage)
- Geographic worksite
- Date of hire or length of service.

## Rates

Rates are based on the geographic location of the group and the ages of enrolling employees. Rates are based on the group's final enrollment and are guaranteed for the group's benefit year. If age or location are reported incorrectly, Oscar reserves the right to adjust rates.

## Fraud

Each group's application is reviewed to determine if group eligibility requirements are met, and evaluated for indicators of fraud. Common agent and application fraud indicators include but are not limited to:

- Material Misrepresentation on applications,
- Clear inaccuracies on application,
- Evidence indicating members are working in other states,
- Unsigned applications,
- Blank answers,
- Any discrepancies of social security number, name, date of birth, or address.

If elements of fraud are identified in the review, the matter is referred to Oscar's Special Investigation Unit for further investigation. Investigations that conclude with a reasonable suspicion of fraud are referred to the State of New Jersey Bureau of Fraud Deterrence and the Office of the Insurance Fraud Prosecutor when the facts and circumstances of the investigation meet the requirements set forth in N.J.A.C. 11:16-6.7. Applications found suspicious, but where sufficient evidence to support a case referral has not been developed, are submitted as a notification.

Oscar is committed to aggressively combat fraud to protect the interests of its members consistent with the terms of its Anti-Fraud Prevention and Detection Plan Protocol. Any inquiries, concerns or reports of suspected fraud should be directed to Oscar's SIU via email at [fraud@hioscar.com](mailto:fraud@hioscar.com), mail at Oscar SIU, 295 Lafayette Street, 6th Fl, New York, NY 10012, or through the anonymous hotline at (844) 392-7589.

## Service Area

Since Oscar sells network-based small employer plans, Oscar is not required to cover an employee that does not live, work, or reside in the Oscar service area. It is important for small employers to check whether the Oscar service area meets the needs of the employees and their dependents.

This means if a New Jersey small employer has a location in another state and several of the employees work at that location and live in the state of that location, those employees and their dependents can be covered under the small employer group plan provided that other state is part of the Oscar service area. If the other location is outside Oscar's service area employees and dependents in that location cannot be covered under the small employer plan