



Business Health Trust (BHT)
Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc, and Non-Medical Products
2026 Underwriting Guidelines

Employer Guidelines

Small Group Definitions

- a. A small group is a business with 1-50 employees, as defined under RCW 48.43.005. Groups that have 51 or more employees (in state or out of state) do not meet the small group definition. They must be underwritten as a medium/large group.
- b. COBRA enrollees are not included when determining if an employer is a small group. Example: 48 employees and 3 employees on COBRA would be a small group.
- c. COBRA: If your company employed 20 or more employees at least 50% of the prior calendar year, your company is required by federal regulations to offer COBRA benefits to terminated employees. If you have any questions regarding COBRA applicability or eligibility, please seek the advice of independent legal counsel.
- d. All participating groups must have at least one “common” employee, described as an employee who is neither an owner or the spouse of an owner or partner unless they are W2 employees on the payroll. Note: Sole proprietors and their spouses and self-employed individuals and their spouses are not eligible to purchase or renew small group coverage.

1) Conditions of Offering

- a. Sole health plan (sole carrier) coverage is a requirement under all offerings.
- b. Groups with 1 to 5 employees may offer up to 4 plans. Groups with 6 to 50 employees may offer any number of plans (offering up to 3 plans may be ideal for groups of this size). Note: Summit PPO plans are available only in King, Kitsap, Pierce, Snohomish, Spokane and Thurston counties.
- c. Residency requirements are as follows:
 - For Core and Options network plans, 100% of the employees covered must reside or work within the service area.
 - For Access PPO and Summit PPO network plans, 80% of covered employees must reside or work within the service area.
 - Note: The physical address of the employer’s place of business must be within the service area of Kaiser Foundation Health Plan of Washington. The services area consists of those Washington State counties where Kaiser Foundation Health Plan of Washington has filed plans and rates.

- d. Benefit, eligibility, and waiting period changes can be made only during the renewal of the contract anniversary date. A 30-day open enrollment period is required, one month before renewal of the contract each year.
- e. For groups of 1-3 employees, 50% of employees not covered by similar existing coverage must participate/enroll. For groups of four or more employees there are no minimum requirements.
- f. Employers must contribute a minimum of 50% toward the average employee premium to qualify for coverage. If an employer with 10 or more employees selects multiple plans, the employer must contribute 50% of the average employee premium of the base plan.
- g. If a group is canceled due to nonpayment of premium, the group cannot reapply for coverage for 6 months. If a group's coverage has lapsed for any reason other than nonpayment of premium, a group can reapply for coverage after a month lapse.
- h. An employer/employee relationship must exist, and employees must be represented on the payroll as receiving wage or commission. Leased employees may be offered on the same basis to all similarly situated employees.
- i. For employers renewing coverage, benefit and eligibility changes can be made only at the contract anniversary date unless earlier changes are mandated by changes in the law.
- j. Workers' compensation coverage is required for all employees who are not exempt from occupational coverage. The plan does not cover on-the-job injuries for employees, owners or partners.
- k. For HSA accounts, employers are required to comply with restrictions on employer contributions.
- l. Released BHT Kaiser Foundation Health Plan of Washington proposals are illustrations, not contracts. The rates and benefits are for general information and discussion purposes only and not valid unless approved by Kaiser Foundation Health Plan of Washington. The rate quote is not an offer or a guarantee of coverage. We reserve the right to modify your rates in the event your plan design must be modified as a result of any change, modification or clarification in law, including the Patient Protection and Affordable Care Act. If coverage is applied for and accepted, actual rates may vary depending on exact enrollment, final plan benefits, locations, effective date and other possible adjustments. Final rates are determined by Kaiser Foundation Health Plan of Washington underwriting guidelines and final enrollment.
- m. At renewal, small groups must be rated based on the census of the group 60 days before their renewal date. Renewal rates will not be re-rated if all group information remains the same. However, if any information changes, such as census, group location, industry, etc, then the group will be re-rated.
- n. Proposed rates for new sale prospects and renewals are based on information at the time of the proposal or when renewals were offered. New and renewing groups are provided composite rates based on the full census of the group.

2) Employee and Dependent Eligibility

- a. 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. Newborns and adopted children must be enrolled within 60 days of birth or adoption placement.

- b. All employees enrolling must complete an Enrollment Employer Application, Employer Declination of Coverage, or Employee Declination of Coverage. The group will maintain enrollment and waiver records for the purposes of regulatory state audits.
- c. Spouse/Domestic Partner:
When both spouses/domestic partners of the same family are employed by the same employer and meet the definition of an eligible employee, one spouse/domestic partner may waive coverage by completing a waiver form and be covered as the dependent of the other spouse/domestic partner. Should the primary member/insured terminate employment, the remaining spouse/domestic partner may enroll as the primary member/insured by requesting a change in status. NOTE: If the spouse/domestic partner is an owner, partner or corporate officer of the group who meets the definitions of an eligible employee, the spouse/domestic partner can only enroll as a subscriber.
Dependent Child:
If a covered dependent begins working for the same company as the subscriber and qualifies as an eligible employee, that person must be covered as an employee.
- d. The subscriber's legal spouse, state-registered domestic partners, and dependent children are eligible. Children are covered up to age 26. This does not apply to Employee Only contracts.
- e. Domestic partner coverage for nonregistered domestic partners is available upon request by the employer. This does not apply to Employee Only contracts.
- f. The employee must enroll in order for their dependents to enroll.
- g. Pediatric dental coverage is a federally mandated benefit for members up to age 19. Premiums associated with pediatric dental coverage must be added into the medical premiums for groups that do not have a separate dental option.

3) Guaranteed availability of coverage

We offer our filed and approved small group plans to small employers on a guaranteed issue basis without regard to health status, claims experience, or industry. Small employers may purchase coverage at any point throughout the year for a policy effective date that is the first of the month following submission of a complete Group Master Application by the due date. Employees must meet the participation and contribution requirements outlined in this document except as follows: During a limited annual open enrollment, we will accept small employers who fail to meet the minimum participation and/or contribution requirements if we receive the completed Group Master Application between November 15 and December 15.

Requests for information: The group agrees to furnish upon request all data necessary to verify group and employee eligibility including but not limited to data proving compliance with the underwriting requirement and the terms of the group agreement.

Proof of business employment: The group agrees to provide proof of group and employee eligibility. KFHP Washington or KFHP of Washington Options, Inc. reserves the right to inspect the records and the group in order to verify the eligibility of employees and their dependents. Copies of the quarterly employee wage report and appropriate employer tax documentation may be required for any group at the discretion of KFPWA or KFHPWAO.

Annual certification: The group must annually complete and return, in advance of the contract anniversary date, any and all documents requested by KFHP Washington order to certify the group as a small group.

New Group Business Verification

For groups of 1-3 employees, the group must show proof of being a business by submitting the appropriate tax documentation forms:

- A. Sole proprietors and their spouses and self-employed individuals and their spouses are not eligible to purchase or renew small group coverage.
- B. IRS Form 1040 with Schedule F from prior taxable year (Farmer)
- C. IRS Form 1120 or 1120S (Corporation)
- D. IRS Form 1120S (Subchapter S Corporation)
- E. IRS Form 1065 (Partnership)
- F. 990 (Nonprofit)
- G. Tax forms not required for Religious Organizations

Employee Eligibility

- 1) An eligible employee must be permanent, full-time and work a minimum of 20 hours per week to be eligible for non-medical benefits (30 hours per week for Long-Term Disability LTD). There is no minimum hour requirement for Kaiser Foundation Health Plan of Washington Small Group offerings. Seasonal, temporary, or part-time (working under required minimum hours to receive benefits) are excluded. Employees who choose not to enroll themselves or their dependents when initially eligible must wait until the next open enrollment unless a qualifying event occurs. A member group can only make changes to their eligibility hours or probationary period during their renewal period.
- 2) Independent Contractors: Independent Contractors are eligible under the following conditions: 1) with sufficient proof of contracting relationship and minimum hours worked (as determined by the employer) through payroll or paid invoices, 2) provided that employer offers coverage to all independent contractors who meet the criteria for enrollment, and 3) employer must contribute at least 50% of the employee-only monthly premium.
- 3) Employees, who choose not to enroll themselves or their dependents within 31 days of becoming eligible for an effective date matching the eligibility date, must wait until the next open enrollment unless a qualifying event occurs. For supplemental life and/or voluntary life, guarantee issue amounts are only available to new employees within the first 31 days of eligibility. A member group can only make changes to their eligibility requirements at their anniversary date.

- 4) BHT administers common eligibility between all lines of coverage for employees. Dependent eligibility must flow through the enrolled subscriber (employee); however dependents are not required to enroll in all lines of coverage that the employee is enrolled in (uncommon enrollment for dependents is allowed).
- 5) Retirees, including early retirees, are not eligible for coverage unless otherwise specified.
- 6) Group eligibility policies may vary by employer. BHT only requires the group to meet the minimum eligibility qualifications.
- 7) Recertification by the medical carrier is required on any disabled or handicapped dependent child(ren) over 26 years of age.
- 8) Employee Classifications:
 - a. Quotes are based on only one classification of employees and one probationary period for all employees unless otherwise clearly specified in the Request for Proposal.
 - b. Participating employers with less than 10 employees are not eligible for multiple classifications and/or terms of eligibility (probationary periods, employer contribution levels, or weekly hours).
 - c. Class definition for multiple employee classifications must not discriminate against current or prospective employees or dependents on the basis of race, color, gender, religion, national origin, age, disability, sexual orientation or any other legally protected characteristics, preclude individual selection by the employer or the employees and be approved by BHT.
 - d. Optional Coverage may not be classed out.

Additional Guidelines and Assumptions

- 1) For new groups, materials must be received by the **15th of the month** for coverage to be effective on the **first of the following month**. For renewing groups, materials must be received by the **5th of the month** preceding the renewal date. Incomplete or inaccurate information will delay the effective date of coverage.
- 2) All companies must be an active, dues-paying member of a BHT Association Partner (if purchasing non-medical products) to obtain or renew coverage through BHT. Proposals issued to qualified prospective groups are released on the condition that membership will be secured by the prospective group prior to the insurance placement with BHT. Proof of membership is required.
- 3) All selected product offerings must have the same anniversary date. Additional lines of coverage can be added off-anniversary however these policies will renew on one common renewal date.

- 4) In the event of the termination of the Trust with Kaiser Foundation Health Plan of Washington by either party, whether at the end of the contract period as stated above or before, all individual member groups of the Trust also terminate at the same time as the Trust.
- 5) The group must meet the minimum employee contribution requirements noted below. No dependent contribution is required.

Coverage Type	Employer Contribution
Medical *	50%
Dental	50%
Vision	50%
Life/AD&D	100%

* For Medical, employers must pay a minimum 50% of the average employee premium to qualify for group insurance. If an employer with 10 or more employees selects multiple plans, the employer must pay a minimum 50% of the average employee premium on the base plan.

- 6) For employer sponsored dental, or vision plans, a minimum of 75% of all eligible employees must participate within each member group. Employee waivers will be required (Qualified reasons for waiving coverage are coverage under spouse, TRICARE, Medicare, collective bargaining unit, Christian Scientist or under COBRA provisions).
- 7) The minimum group size to offer a dental, vision or life/AD&D plan is two enrolling employees for groups enrolling in a Kaiser Permanente small group medical plan.
- 8) Minimum participation requirements do not apply to voluntary Dental, Vision, and Personal Accident plans.
- 9) Dental, vision, life/AD&D and disability coverage may be sold on a stand-alone basis, as long as the group has a minimum of 10 enrolling employees.
- 10) Rates quoted assume that none of the deductible, coinsurance or co-payments will be self-insured by the company, except those specifically identified as such.
- 11) Requests for quote proposals are due by the 10th of the month prior to the requested effective date. A copy of either a Letter of Authorization (Search Letter) or Producer of Record Letter will be requested from each producer in a multiple producer quoting scenario.
- 12) BHT reserves the right to adjust rates for a new member group if any information is different from the original quote request. BHT reserves the right to decline coverage if the group does not meet all the established underwriting guidelines.
- 13) Subscription charges (premium payments) are due on or before the first day of each month with a 10 day grace period before penalties are imposed for late payment. If payment becomes 30 days

in arrears from the date subscription charges are due, the employer's coverage with BHT will be terminated.

14) Final rates may differ from those originally quoted, based on actual enrollment.

Additional Life and Disability Underwriting Assumptions

- 1) A basic life/AD&D benefit of \$15,000 is available with medical coverage (2+ Enrolled Employees). Evidence of insurability is not required for this product
- 2) The guaranteed issue for basic life/AD&D is based on group size. For groups of five to nine employees, the guaranteed issue is \$50,000. For groups of 10 to 49 employees, the guaranteed issue is \$75,000. For groups of 50 or more employees, the guaranteed issue is \$100,000.
- 3) The guaranteed issue for Employee Voluntary Life is \$100,000 for groups with five or more employees. Voluntary Life is not available to groups with less than five employees. Voluntary Life is available to employees in amounts of \$10,000 up to a maximum of \$300,000 in increments of \$5,000.
- 4) Voluntary life coverage is available to groups of five or more employees. Participation requirement of 20% or greater will be assessed after the benefits have been placed for one year and will be calculated based on the number of employees electing this benefit.
- 5) Long Term Disability (LTD) is available upon request and with employee salary detail.
- 6) Benefits reduce to 50% of the original volume amount at age 70, to 30% at age 75, to 20% at 80, and terminate at retirement.

This is a general overview of the Underwriting Guidelines for the Business Health Trust. Should there be any discrepancy, the contract between the Business Health Trust and the insurance carriers will be the determining underwriting document.