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## Program Guide

**SafeGuard**<sup>®</sup>  
Self-Funding for the Small to Mid-Size Employer

*Excess loss insurance policies and EPO/PPO insurance plans underwritten by US Health and Life Insurance Company. SafeGuard plans administered by US Health and Life Insurance Company. © US Health and Life Insurance Company. All rights reserved.*



## Program Guide

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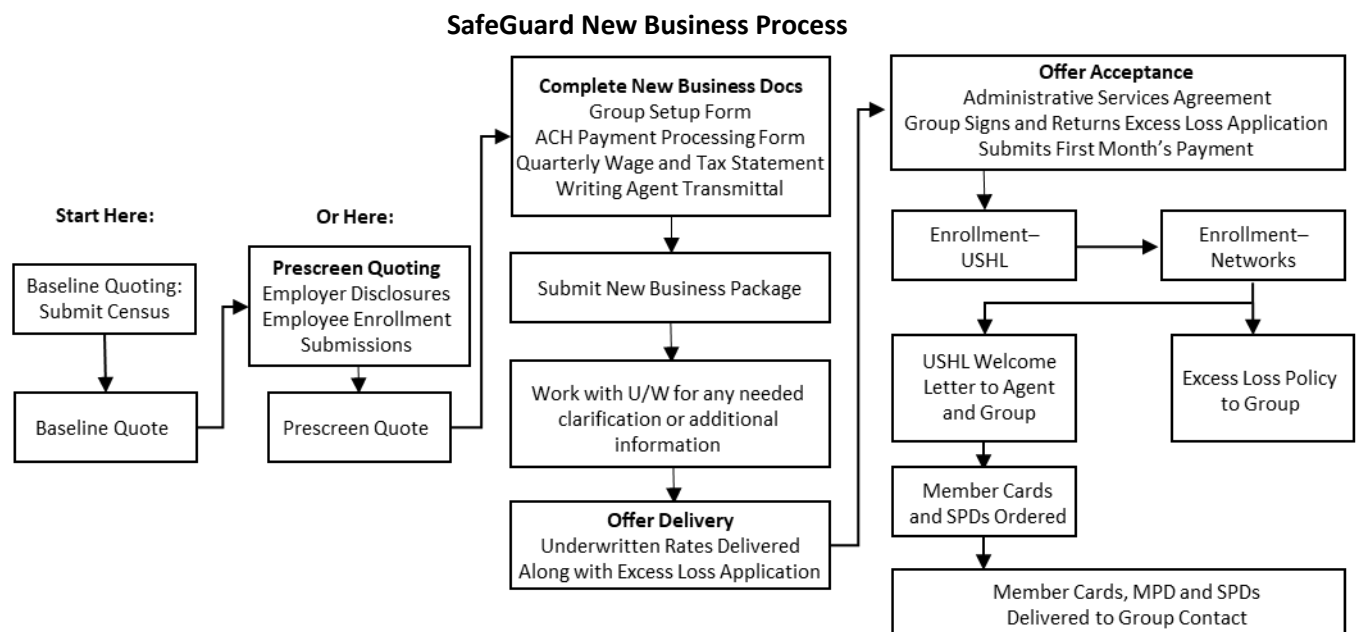
**INTRODUCTION**

SafeGuard was designed for the small to mid-size employer who wishes to save money on group healthcare benefit costs but is averse to the administrative burden or the complexities of traditional self-funding.

The SafeGuard new business process is simple—quoting and underwriting are equivalent to the USHL small group underwriting process (just involving different forms), the benefit designs are the same as the pre-PPACA USHL insured portfolio (Pinnacle, Peak and Zenith benefit designs)—only the funding and fiduciary relationships change. The employer as the plan sponsor becomes first payer—with limited financial exposure and with the possibility of a return of unused pre-funded claims account dollars at settlement. The SafeGuard program delivers a simplified, seamless approach to self-funding, with USHL as a co-fiduciary, assuming all administration and adjudication duties, and making all claim decisions.

**PROCESS OVERVIEW**

The flowchart below details the new business process from quoting to enrollment. For additional details on any process stage, refer to the table of contents for the information location.



## **EMPLOYER ELIGIBILITY**

### **Guidelines**

For a group to be eligible for SafeGuard, the following characteristics must be present:

- The employer must have and maintain the appropriate business licensure/registration and any required state/county/local filings which allow the company to conduct business in the state.
- 100% of eligible employees must have Workers' Compensation coverage except those legally not required to be covered by Workers' Compensation coverage.
- A bona-fide employer-employee relationship must exist between an employer who is the plan sponsor and that employer's employees.
- Participation requirements must be met.
- The majority (51%) of the eligible employees must be domiciled in a state(s) where the excess loss insurance policy is issued.
- An enrollment change of more than 10% of the original enrollment count may result in the rerating of the group.
- Common ownership relationship must exist if more than one entity is involved. Contact your Sales Representative for more information on these requirements.
- No more than 10% of enrollees should be on COBRA or in their COBRA election period (does not apply to non COBRA-eligible groups).
  - COBRA: Any group with 20 or more eligible employees is subject to the Consolidated Omnibus Budget Reconciliation Act (COBRA).

*Note: If the individual is in a COBRA election period due to a layoff, the policy may include a "Rehire Provision". Contact USHL Sales Support for further details.*

### **Newly Formed Businesses**

Employers whose businesses were not in existence for at least 12 months are not eligible.

### **Husband/Wife Groups**

Two-person groups comprised solely of a married couple are not eligible to enroll in group coverage.

## **Business Registration Requirements**

The group must be registered with the state or provide the appropriate business filings allowing the company to conduct business in the state. If the company shows up in the state/county/local database as dissolved, it is ineligible for coverage until the appropriate filing requirements have been satisfied and the company receives "active" status.

USHL verifies the following with the appropriate state/county/local database:

- The entity is a bona fide entity
- The entity is the type of entity it claims to be
- The entity name is as stated

Verification is performed via the following state databases:

Michigan

<https://cofs.lara.state.mi.us/SearchApi/Search/Search>

Ohio

[https://www.secstates.com/OH\\_Ohio\\_Secretary\\_of\\_State\\_Corporation\\_Search](https://www.secstates.com/OH_Ohio_Secretary_of_State_Corporation_Search)

Illinois

[https://www.secstates.com/IL\\_Illinois\\_Secretary\\_of\\_State\\_Corporation\\_Search](https://www.secstates.com/IL_Illinois_Secretary_of_State_Corporation_Search)

Indiana

<https://bsd.sos.in.gov/publicbusinesssearch>

Wisconsin

<https://www.wdfi.org/apps/CorpSearch/Search.aspx>

## **Assumed Names**

Business entities using an assumed name must register with the county in which it resides. Refer to the following U.S. Small Business Administration website which includes a short description for each state and links to assist in registering the business entity:

<http://www.sba.gov/content/register-your-fictitious-or-doing-business-dba-name>

*Note: A Quarterly Wage Detail Report does not satisfy the business registration requirement.*

The legal name of the employer supplied on the Employer Group Application, the name on the Quarterly Wage Detail Report and the name from the state/county/local database must be identical; if not,

clarification of conflicting information will be required which may cause underwriting delays. The EIN/Tax ID listed on the Employer Group Application and the Quarterly Wage Detail Report must also be the same.

## **Participation**

### **General Guidelines**

The minimum participation requirement for each eligible group is 75 percent of eligible employees. The number of eligible employees is determined after removal of valid waivers from the overall count.

No more than 10 percent of the employees enrolling for coverage in the employer's plan may be on COBRA/continuation at the time of application.

When an eligible employee chooses to provide coverage to his/her dependents, the following guidelines apply:

- The spouse and children may not apply for any coverage the eligible employee has waived.
- All children must have identical coverage.

### **Valid Waivers**

Valid waivers are excluded from the total eligible employee count when calculating participation in the employer's plan. Individual coverage (on or off exchange) is not a valid waiver.

Valid waivers include, but are not limited to, the following types of coverage:

- Covered by spouse's plan
- Covered by Medicare
- Covered by Medicaid
- VA Coverage – Veterans Health Coverage
- Tri-Care – Military Health Care
- Canadian Provincial Health Care
- COBRA (subject to underwriting review and approval)

### **Coexisting/Carrier Wrap**

USHL may coexist with another carrier program as long as the split is based on job class and normal participation requirements are met.

Coexisting may be allowed only on groups of over 50 eligible employees.

Coexisting / carrier wrap requires underwriting approval.

### **Carve-Out**

Carve-outs are limited to union vs. non-union employee splits, or unique business locations.

### **Employer Contribution**

No employer contribution is required.

### **Dual Option Benefit Designs**

Dual-option groups require a minimum of 10 eligible employees enrolled and each plan option must have a minimum of two eligible employees enrolled.

Underwriting will allow three plan options for groups with over 20 eligible employees enrolled.

Dual benefit design option is subject to the following guidelines:

- Dual benefit designs may be formed at a group's inception or anniversary, subject to underwriting approval.
- Groups with a dual benefit design can make a benefit design change at anniversary, or one time off-anniversary, subject to underwriting approval.
- Once the benefit design change is implemented, employees can only change from one benefit design to another at the time of the benefit design change or at the group's anniversary.



## **EMPLOYEE & DEPENDENT ELIGIBILITY**

### **Guidelines**

The definition of eligible employee does not include temporary or seasonal employees, nor does it include substitute employees. A seasonal employee is anyone working less than 40 weeks per calendar year (i.e. a landscaper who works 38 weeks per calendar year would be considered seasonal, and therefore would not be eligible). Exception: If an employer employs the same seasonal employees every year, and if there is a stated duration the employees will be laid off and the employer continues to pay applicable premiums, this is subject to underwriting approval on a case-by-case basis.

An eligible employee must be paid on a W-2 basis with withholdings for income taxes, Social Security and Medicare taxes. An eligible employee must appear on the employer's Quarterly Wage Detail Report confirming that the employer is paying unemployment tax on wages paid to an employee.

All legal resident aliens are eligible for coverage, a Social Security Number is not required. A copy of one of the following items must be submitted, an employee's driver's license, a United States Permanent Resident Card (also known as green card), or ITIN (Individual Taxpayer Identification Number) from the IRS.

### **Actively at Work**

To be eligible for coverage under the employer's plan, an individual must be "actively at work" on the date coverage is to begin. An individual will be considered "actively at work" if he or she reports for work on the effective date at the usual place of employment, and such usual place of employment is outside the home, and the individual is able to perform all of the usual and customary duties of his occupation on a regular, full-time basis. If the individual is absent due solely to a health reason, however, the individual will be considered "actively at work."

### **Retirees**

Retired employees are eligible for coverage under the employer's plan based on the following criteria:

- Employer must have at least 20 employees and the employer must include retirees as an eligible class at initial enrollment.
- In order for the retired employee to be eligible, the retiree must have participated in either the employer's qualified retirement or deferred compensation plan.
- The retiree must have been continually employed by the employer for at least 10 years before retirement, including the 24 months immediately preceding his retirement effective date.
- In the 24 months prior to retirement, the retiree must have been actively at work and covered under the employer's medical coverage plan.

## **Dependents**

"Dependent" or "Eligible Dependent" shall include only the following, provided they are not eligible to be covered as employees under the Plan and, if previously covered for such benefits under this Plan as a result of a disability existing when coverage as an employee was discontinued:

- The wife or husband of an employee, while not divorced or legally separated from the employee;
- Each child while the child is married or unmarried, up to age 26.

## **Proof of Dependency Requirements**

For dependents having a different last name than the employee, documentation must be provided which substantiates the dependent relationship (copy of adoption form, birth certificate, tax return or marriage license). Enrollment for the given dependent(s) will not be processed without this documentation.

## LICENSING & APPOINTMENT

### Agencies and Agents

Brokers and agents are required to hold a current license in each state in which the excess loss insurance policy is being solicited and be appointed by USHL, prior to the first sold new business case. Failure to become appointed prior to the first sold new business case may delay compensation.

A broker will need to complete the appointment process in order to receive commission on the excess loss insurance premium. To be appointed, brokers and agents must submit the following to USHL:

- Agency and agent appointment form
- Agency and agent information questionnaire
- Agency and agent agreement
- W-9 for both agent and agency
- Hitech Business Associate Agreement for agency and agent
- **Copy of Life and Health License for *both* agency and agent**
- **Copy of certificate for E&O Insurance Coverage for *both* agency and agent**

*Note: Many E&O carriers require a separate rider when selling excess loss insurance business.*

Agencies also need to submit the following to USHL:

1. Registration as a business entity with Secretary of State or State Corporations Divisions or
2. DBA registration (Assumed Name: Fictitious Name) if a Sole Proprietorship (county clerk – IL, IN, MI; Secretary of State – OH)

If the broker/agent pays compensation to an agency, the agency must also be appointed. All appointment documents may be found online at [www.ushealthandlife.com](http://www.ushealthandlife.com).

## **SAFEGUARD PROCESS**

### **Baseline Quoting**

The easiest way to obtain a quote is to email your request directly to the Quotes mailbox at [Quotes@ushealthandlife.com](mailto:Quotes@ushealthandlife.com)

If you are an appointed agent with USHL, you can gain access to our online quoting system. Contact your Sales Representative to schedule an online training session and to obtain your online quoting system password.

### **Required information**

A complete census is a required component of the quote request. The census must include each employee's first and last name, date of birth, gender, family status (Single, Couple, Single/Children, Family), location/state (if the employer has multiple locations being quoted) and zip code. Census data contained within an Excel spreadsheet can be imported into our online quote system.

### **Turnaround Time**

Baseline rate quotes will be emailed within one to three business days. Larger cases where the census is not submitted in an Excel format will take longer.

### **Prescreen Quoting**

The easiest way to obtain a prescreen quote is to email required disclosures to the prescreen mailbox at [Prescreens@ushealthandlife.com](mailto:Prescreens@ushealthandlife.com).

Required documents are as follows:

#### **SafeGuard Employee Enrollment, Employee Short Medical or Waiver Form**

Each full-time employee including the employer/owner is required to complete these forms. Employees are eligible for coverage on the original effective date if they are employed at the time of application (see "Actively at Work"). If an employee or dependent is waiving medical coverage, the waiver form must be completed.

If spouses working for the same employer enroll with one spouse covered as the dependent of the other, the spouse enrolling as a dependent is not required to complete a waiver as an employee.

Common Employee Enrollment Omissions:

- Signature and date
- Date of hire
- Medical questions left blank
- Missing details to medical questions answered "yes"
- Height and weight
- Beneficiary
- Waiver form not completed
- Dependent names, social security numbers and birth dates
- Proof of dependency if a dependent has a different last name than the enrollee – a copy of adoption form, birth certificate, tax return, or marriage license will suffice.
- Spousal signature and date if spouse is enrolling
- Dependent signature (18 and older) and date if dependent is enrolling. *This is only necessary when requested by underwriting*

## **Medical Underwriting Rating Method**

USHL underwriters will review each employee enrollment and evaluate all medical conditions to determine the medical load (if any) for the group. A prescreen quote is neither a guarantee of rates nor an indication of group acceptance by USHL--final commitments cannot be determined until all new business documents have been received and processed. A group must be submitted for full underwriting and provide the documentation listed in the New Business Submission Section in order to be offered the opportunity to participate in the SafeGuard Program. Any changes in relevant information from the time of submission to the effective date may change rates provided in the prescreen quote.

Scenarios which may result in changes to final rates:

- Additional employee(s) enrolling in the employer's plan within 30 days following the effective date
- Employees not enrolling who were originally submitted as enrolling
- COBRA individuals identified who were not in original submission
- Change in health condition of applicant(s)
- Claims experience of the employer group
- Employer Disclosure changes
- Age changes

The underwriter evaluates the group's medical risk by reviewing the medical history of all the employees and dependents within the group. If additional information is needed, the underwriter will send out a medical questionnaire or will contact the employee and/or dependent directly for a phone interview. In addition, the underwriter reviews a report of the applicants' prescription history. Each enrollee (including spouse and adult dependents 18 and over) is required to sign a HIPAA-compliant authorization form as part of the application for excess loss insurance coverage.

Once all the additional information is obtained, the underwriter uses a debit system methodology to determine the group's anticipated medical risk. The total observed debits determine the Rate Adjustment Factor (RAF) which is applied to manual rates.

## **Medical Questionnaires**

Medical questionnaires are sometimes required in order to complete the underwriting process. The employee from whom additional medical information is required must provide complete details regarding the condition(s), and must complete, sign and date the questionnaire, and then return as per included instructions.

## **Medical Conditions Affecting Underwriting**

The following list provides conditions which, if present in a group, may result in a higher-than-average premium rating:

1. Aids/ HIV
2. Aneurysm
3. Angioplasty (Scheduled or recent)
4. Cancer (except Basal Cell skin cancer)
5. Cardiac Valve Replacement (Scheduled or recent)
6. Cardiac By Pass Surgery (Scheduled or recent)
7. Cardiomyopathy
8. Cirrhosis of the Liver
9. Cystic Fibrosis
10. Hemophilia
11. Hodgkin's Disease
12. Joint Replacement (proposed surgery)
13. Kidney Failure / Dialysis
14. Multiple Sclerosis
15. Myocardial Infarction/Heart Attack
16. Non-Hodgkin's Lymphoma
17. Organ Transplant
18. Pancreatitis
19. Paraplegia / Quadraplegia
20. Respiratory Failure
21. Stroke
22. Spinal Injury
23. Current Pregnancy with complications
24. Alzheimer's Disease
25. Congenital Heart Conditions (present or recently repaired)
26. Hepatitis B
27. Hepatitis C
28. Emphysema/COPD
29. Diabetes with complications
30. Gastric Bypass (proposed)
31. Rheumatoid Arthritis with disability
32. Severe Psychosis & Neurosis
33. Sickle Cell Anemia (Hemolytic)
34. Tuberculosis (non-pulmonary)
35. Congestive Heart Failure

## **Document Expiration Timeline**

Employer and employee documents (employer disclosure, employee enrollment submissions) expire 60 days after signature date. For documents with signature dates aged 61 to 90 days, USHL Underwriting may allow the employer / employee to review content, make necessary changes and updates, initial changes and re-sign / re-date documents. This new signature and date can be placed above or below the original.

Documents with signature dates aged 91+ days are not accepted by underwriting and new documents are required.

## **Underwriting Turnaround**

Prescreen quotes will be returned to the requesting party within three business days. Prescreen requests for groups of 50+ lives will be returned within four business days.

## **New Business Submission Requirements**

### **Required Documents**

- **Employer Disclosure\***
- **Group Setup Form\***
- **ACH Processing Form (optional)**
- **Writing Agent Transmittal Form**
- **Employee Medical Forms** – Please make sure the dates of hire, dates of birth, social security numbers and all dated signatures including dependents are on each form.\*
- **Employee Waiver Forms** – All full-time employees waiving medical coverage are required to provide a waiver form with a waiver reason.\*
- **Copy of the most recent prior carrier billing statement**
- **Current Quarterly Wage and Tax Statement** indicating employee status Part-time, Full-time, Terminated, etc. \*
- **A copy of the quote sold to the group**
- **First Month's Premium Check** – Made payable to US Health & Life InsurNote:

*All documents can be found at*

<https://www.ushealthandlife.com/agents/resources/>

## **Effective Date of Coverage– Employer's Plan**

Offer acceptance must be received by USHL underwriting by the 7th of the month in order to honor a first of that same month effective date. If offer acceptance is not received by the 7th calendar day, the group will receive a later effective date and rates may change.

**Note:** *An employer must not cancel current coverage until the SafeGuard welcome letter is received.* Coverage is not in effect until USHL is in receipt of both the signed and executed excess loss application and first month's premium.



### **Waiting Period– Employer’s Plan**

The maximum benefit waiting period is the first of the month following 60 days. At the time of initial enrollment, the employer can waive the waiting period on the original enrollees.

### **Quarterly Wage Detail Report**

A Quarterly Wage Detail Report is required for all submissions. All employees must be clearly marked as full-time, part-time, termed or seasonal. USHL requires that a Quarterly Wage Detail Report (UIA 1017) be submitted the first available quarter.

Acceptable Quarterly Wage Detail Reports:

- 1st Quarter (Jan, Feb, Mar) – Filing date May 1st, UW acceptance date August 1st
- 2nd Quarter (Apr, May, Jun) – Filing date August 1st, UW acceptance date November 1st
- 3rd Quarter (Jul, Aug, Sep) – Filing date November 1st, UW acceptance date February 1st
- 4th Quarter (Oct, Nov, Dec) – Filing date February 1st, UW acceptance date May 1st

Acceptable substitution for Quarterly Wage Detail Report:

- Tax Form 941 with roster equaling reported wages

### **Offer Delivery**

#### **Underwritten Rates**

Underwritten rates for the SafeGuard Program and the application for an excess loss insurance policy take into account all information contained within the new business documents. If no relevant information changed from the time of prescreen quoting, these rates will match—if the underwritten rates differ from the prescreen rates, your sales representative can provide explanation. The tiered rates (single, couple, employee + children, and family) contained within the offer will apply for employees added to the employer’s plan within the contract period, assuming no greater than a 10% +/- change in group census.

#### **Application for Excess Loss Insurance Policy**

Employers must accept and sign a completed application for excess loss insurance prior to plan implementation. This application cannot be altered in any way; if the application is altered, a new form will be requested before an offer of coverage is made. The form must be signed and dated by the company officer. USHL will rely on the data included in the application for excess loss insurance to assist in underwriting the employer.

The SafeGuard employer disclosure and employee enrollment submissions are made part of the application for excess-loss insurance and shall be relied upon in determining rates and eligibility for coverage. USHL has the right to revise the rates (retroactively or prospectively) for the excess loss insurance policy, or rescind or terminate the excess loss insurance policy if a person completes the employer and/or employee forms with false, incomplete or misleading information or fails to notify USHL prior to signing the offer or prior to the effective date (whichever is later) of any changes to medical information provided which leads to a material misrepresentation affecting the assessment of the risk or the terms or conditions for coverage.

### **Offer Acceptance**

#### **First Month's Payment**

The first month's payment must be received by USHL prior to the coverage becoming effective. Send to USHL, in care of Billing Department at 8220 Irving Road, Sterling Heights, MI 48312

#### **Enrollment**

Once offer acceptance and the binder check for the first month's payment have been received by USHL, enrollment occurs— both in the employer's plan and in the network(s). When all members are enrolled, ID cards and Plan Documents are ordered—allow 10 business days for delivery to the group.

## **GENERAL PLAN PROVISIONS**

### **Aggregate Advancements**

If at any point during the contract period claims exceed the balance within the pre-funded claims account, funds will be advanced (aggregate advancement) to cover those costs, these amounts will be reconciled at the time of settlement. If claims continue at a high level, excess loss insurance provides a safety net. Aggregate advancements will be available at any time during the plan year assuming monthly payments are up to date.

### **Ancillary Coverage**

For insured Life/Accidental Death and Dismemberment (AD&D), Vision and Dental coverage, contact USHL Sales Support.

### **Deductible Credit**

The plan provides for dollar-for-dollar deductible credit for amounts paid by employees toward calendar-year deductibles, subject to acceptable proof.

A member continuously covered under a prior individual or group health plan with a calendar-year deductible will be credited for any portion of the deductible satisfied under the prior plan during the same calendar year. Deductible credit will not be given if moving from a health plan with a plan-year deductible. Credit is not provided for prior coinsurance amounts or for employees added to the employer's plan after the group's initial effective date.

### **Excess Loss Insurance**

SafeGuard includes aggregate-only excess loss insurance. Aggregate excess loss insurance provides protection to the employer if total eligible claims for all employees and dependents exceed a defined amount, or aggregate attachment point. If eligible claims exceed this amount, the excess loss insurance pays additional eligible claims for the remainder of the contract period.

### **Medicare**

Health benefits for employees or spouses age 65 and over will be paid:

- Primary to Medicare when an employer has 20 or more employees\*
- Secondary to Medicare when an employer has fewer than 20 employees

Covered charges will be reduced by any benefits payable by Medicare Parts A and B. Employees and spouses are considered to be enrolled under both Parts A and B whether or not they are actually enrolled.

In order to determine group size, Medicare considers whether the employer had at least 20 employees (full- and part-time) in at least 20 weeks of the preceding or current calendar year.

*Note: An employer with 20 or more employees is subject to the Social Security Act (Section 1862 (b)), and health benefits will be paid primary to Medicare. SafeGuard baseline rates reflect USHL paying secondary—if USHL is primary payer, there will be an increase in the monthly billed amount.*

*An employee may choose to voluntarily waive coverage under the plan and elect Medicare as sole payer.*

### **Motor Vehicle Accidents and Work-Related Accident and Illness Claims**

SafeGuard coverage does not provide for claims arising from either motor vehicle accidents or for illness or injury resulting from work for wage or profit unless the respective Auto or 24-Hour Coverage for Work Related Illness or Injury Benefit Buy Up is applied for, approved by underwriting and the additional charges paid.

### **Network Selection**

Groups with multiple business locations are able to select network(s) that best suit the needs of employees in each location.

- Rates may vary according to network(s) selected.
- Employees may select only one PPO network at the time of enrollment.

### **Out-of-State coverage**

- A national network will be used for out-of-state employees.
- An out-of-state load may be applied.
- If an employee resides in a border state adjacent to the USHL service area and utilizes in-network providers, the out-of-state load may be adjusted subject to underwriting approval and required documentation.

### **Pre-Existing Conditions**

Self-funded plans must cover eligible expenses for pre-existing conditions beginning with the effective date of the self-funded plan on or after January 1, 2014.

### **Excess Loss Insurance Policy Reinstatement Provision**

If the excess loss insurance policy is terminated due to non-payment of premium, USHL has the option to reinstate coverage retroactive to the termination date. USHL may require the employer to provide evidence of insurability for all employees enrolled in the employer's plan as a condition of reinstatement and require full payment of all premiums due. USHL is not required by any language in the Policy to offer reinstatement to any employer.

If the employer desires reinstatement, a request must be made in writing and reinstatement is subject to underwriting approval. If reinstatement is approved, the group will be required to pay delinquent payments, the current month's payment and a reinstatement fee equal to 5% of the delinquent monies owed.

## **ADMINISTRATION / MAINTENANCE**

### **Acquisition, Takeover, Merger**

Continuation of excess loss insurance coverage for groups involved in an acquisition, takeover or merger must be reviewed and approved by underwriting. If there will be a greater than 10% change in census; if the location, network and industry will change; or if there is health history on new enrollees, rates may be adjusted by underwriting.

USHL will require the following documentation for companies acquiring employees as a result of an acquisition, takeover or merger:

- Letter from the group with the explanation of request and effective date
- An amended Employer Disclosure with new company listed may be required
- Employee Disclosures or waivers for all new employees
- Proof of acquisition (acquisition agreement)
- Proof of ownership (newly formed articles, purchase agreement, or tax documentation documenting the acquisition)
- Copy of the most recent Quarterly Wage Detail Report or 2 weeks of payroll

*Note: Information above is required to verify eligibility and participation. Waiting period can be waived upon underwriting approval.*

### **Adjustments**

Rate adjustments may be required for the following reasons:

- A change of more than 10% in census
- An addition of a subsidiary, location, newly purchased company, or a new class of employees
- The business is no longer in the same business as when the plan originated
- Any benefit design changes
- Any changes in federal or state law which affect all covered employees

USHL reserves the right to charge the employer for any state or federal premium taxes and/or fees associated with the self-funded coverage. This amount will be determined by the liability imposed by the governmental entities.

## **Monthly Payment**

The monthly employer bill includes three components: Excess loss insurance premium, a pre-funded claims account payment and a monthly administration fee.

- The Excess Loss Insurance Premium payment is the cost for this insurance protection, which pays covered expenses that exceed the aggregate attachment point.
- Pre-Funded Claims Account Payments are used as-needed to pay the group's claims under the self-funded plan. This money belongs to the employer's self-funded plan and any money remaining after settlement is returned to the employer or plan.
- The monthly Administration Fee covers costs associated with administering the plan and adjudicating claims.
- The monthly payment due date is clearly indicated on the USHL bill. There is a 31-day grace period for late payments. If the required premiums are not paid during the Policy Grace Period, insurance will end on the last day of the last period for which premium was paid.

## **Plan Reporting**

Re-contracting reports are provided in the ninth month of the contract period. All groups receive a month-by-month summary of program financials, including claim amounts and type, pre-funded claims account balance and excess loss insurance payments. Groups with 50+ enrolled also receive reports detailing non-member specific claims data: Information on claims paid, types of visits driving group medical costs, generic v. brand drug usage, etc.

Along with the reporting, a re-contracting proposal is delivered– including a new Employer Disclosure Form and an application for excess loss insurance coverage for the new twelve month period which must be signed and returned to USHL.

## **Re-Contracting**

Groups will receive an annual re-contracting package no later than 75 days in advance of the contract end date.

The SafeGuard re-contracting offer will reflect the individual employer's claims experience, benefit design(s), census changes, trend increases, network agreement changes and incurred but not reported (IBNR) claims estimate.

The group may be required to prove compliance with participation requirements: Prior to the end of the plan period, each employer may be required to submit a Quarterly Wage Detail Report and complete a form to verify the number of eligible employees and the number of employees participating in the plan.

A new policy period does not constitute a renewal of the excess loss insurance policy, but is rather an issuance of a new excess loss insurance policy. The re-contracting offer will be subject to new monthly rates, which will reflect the new contract period and terms. If there is a mutual agreement between the employer and USHL, a new excess loss insurance application must be signed and returned prior to the effective date of the new policy.

Offer acceptance must be received by USHL underwriting by the 1st of the month, 30 days prior to the effective date of the contract period. If offer acceptance is not received by the 1<sup>st</sup>, the contract will not take affect and the coverage will end.

### **Settlement**

At the end of ninety days following the policy end date, settlement reports are run which complete claims reporting for the policy period. All claims incurred during the twelve month period and paid within the fifteen month settlement period will be shown on the report, along with any remaining pre- funded claims account balance.

An incurred but not reported (IBNR) claims estimate is subtracted from remaining pre-funded claims account balance and remaining funds are returned to the employer.

### **Terminations**

The excess loss insurance policy can be terminated for the following reasons:

- Monthly premium is not received within 31 days of the due date.
- The group fails to meet participation requirements.
- The group submits a voluntary written request for termination. Coverage will be terminated at the end of the billing period in which the request is received and payment of premiums has been made.
- The business moves to a state where the excess loss insurance policy is not available.
- The business is no longer engaged in the same business that it was on the date the group's excess loss insurance policy was effective.
- There is evidence of fraud or misrepresentation.
- There is noncompliance with the employer's self-funded plan or policy provisions.
- The employer's self-funded benefit plan terminates.
- The group suspends active business operations, is placed in bankruptcy or receivership, or is dissolved.



If a group terminates for any reason, the employer must continue paying the pre-funded claims portion of the monthly billing in order for the excess loss insurance to remain in force from the contract start date to the termination date. ***If the employer fails to pay the remaining pre-funded claims installments, the excess loss insurance coverage will be terminated back to the start date of the policy.***

## **CONTACT USHL**

For additional information about SafeGuard, or for assistance with group quoting, new business submissions or other pre- or post-sale issues, contact:

**USHL Sales Support**

844-828-5968

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