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## Small Group Underwriting Guidelines Effective Plan Years Beginning On or After January 1, 2023

These Small Group Underwriting Guidelines (Guidelines) apply to both Hometown Health Plan, Inc. and Hometown Health Providers Insurance Company, Inc. (collectively referred to as Hometown Health). These Guidelines apply to Small Employers who wish to purchase Hometown Health Small Group coverage. The Underwriting Department has final confirmation on approving employer groups, and recommend groups keep their current coverage until they have received notice of acceptance from Hometown Health.

Hometown Health’s underwriting policies for Small Group healthcare coverage adhere to the laws and regulations set forth under the Affordable Care Act, Title 57 of Nevada Revised Statutes and other applicable laws and regulations. In the event there is a conflict between these Guidelines and Hometown Health’s Evidence of Coverage (EOC), the EOC will prevail. In the event there is a conflict between documents provided by Hometown Health and federal or state regulation, the regulation will prevail. “Regulation” includes interpretive bulletins and sub-regulatory guidance issued by the Centers for Medicare and Medicaid Services (CMS) and the Nevada Division of Insurance (DOI).<sup>1</sup>

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<sup>1</sup> Hometown Health will ensure all plan offerings, and operations comply with insurance law and do not conflict with Internal Revenue Service (IRS) and Department of Labor (DOL) requirements. However, it is the employer’s sole responsibility to ensure compliance with IRS and DOL regulation when offering group coverage.

Hometown Health complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.

## 1. GROUP ELIGIBILITY

Generally, Hometown Health Small Group products are available to any Small Employer with at least one permanent W-2 employee located within the product's service area who works on average 30 or more hours per week or 130 hours per month.

- i. Small Group/Employer – A Small Group or Small Employer is a Bona Fide Employer<sup>2</sup> who employed an average of at least 1 but not more than 50 employees on business days during the preceding calendar year and who employs at least 1 employee on the first day of the plan year.<sup>3</sup> If an employer that was in existence in the preceding calendar year was not an Applicable Large Employer in the preceding calendar year, the employer will be considered a small employer. The size of a *new* employer is based on the average number of employees reasonably expected in the current calendar year.
- ii. In addition, the Full Time Equivalency (FTE) method provided in 26 USC § 4980H (e) is used to determine whether an employer is an Applicable Large Employer (ALE). By adding the total number of hours worked by part time employees each month and dividing by 120,<sup>4</sup> you can determine if the employer is an ALE. Refer to the example below for FTE calculation:

1. XYZ Company has 70 total employees, 42 are full-time EE's and 28 part-time EE's.
  - a. 28 EE's work 15 hours per week
  - b. Total monthly part-time hours
    - i. 15 hrs/wk x 28 part-time EE's = 420
    - ii. 420 part-time hrs/wk x 4 wks/mo = 1,680
  - c. FTE for part-time EE's
    - i. 1,680/120 = 14
  - d. Total Full Time Equivalent and Full Time Employees 42+14 = 56

For the example above, the group is considered an Applicable Large Group.

- iii. Who should be included in the employee count:
  1. All employees of a commonly controlled corporation, trade or business under the Internal Revenue Code section 414<sup>5</sup>,

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<sup>2</sup> A Bona Fide Employer is someone who has control over the company and employees as defined by [NRS 692C.050](#).

<sup>3</sup> [NRS 689C.095](#) & [45 CFR § 144.103](#)

<sup>4</sup> See definition of Full Time Equivalency (FTE) at; <http://doi.nv.gov/uploadedFiles/doinvgov/public-documents/News-Notes/EmployersGuide.pdf>

<sup>5</sup> <https://www.irs.gov/pub/irs-tege/epchd704.pdf>

- a. Hometown Health requires groups with 50% or more common ownership combine as one group when the group falls under the definition in IRS Title 26 code 414<sup>6</sup>. It is the group's responsibility to establish if they are a controlled group by submitting a Common Owner Certification. Documentation must be submitted and approved by underwriting prior to Employer Group's effective date.
  2. Employees under a controlled group located outside the State of Nevada. If the affiliate is located outside the State of Nevada they may not be eligible for coverage but are still considered for employee count in regards to ALE.
  3. Employees who are not requesting coverage, but who are employed by the same company in a different state. The Nevada Employees are a carve out from a large company with over 50 full time equivalent. For example, a company who has an office in California and Nevada, but are only requesting coverage for the Nevada employees. You must still count the California employees into the FTE count for ALE purposes.
  4. Union Employees – Union may make offer of coverage on employer's behalf but they count toward Full Time Equivalents.
- iv. Who should not be included in the employee count:
1. Owners of a sole proprietorship;
  2. Partners<sup>7</sup>; partners may count toward employee count when working on average 30 hours per week<sup>8</sup> or 130 hours per month;<sup>9</sup>
  3. Shareholders owning more than 2% of an S corporation;
  4. Owners of more than 5% of other businesses;
  5. Family members or members of the household who qualify as dependents on the individual income tax return of a person listed above, including a spouse, domestic partner, child (or descendant of a child), sibling or step-sibling, and parent (or ancestor of a parent), step parent, niece or nephew, aunt or uncle, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
  6. Seasonal employees working 120 days or less in a year;
  7. Independent contractors (form 1099 workers); and
  8. COBRA and retired enrollees.
- b. Sole Proprietors not Eligible – Sole Proprietors are not eligible for small group coverage. A Sole Proprietor is an employer with no employees other than the owner's spouse or dependents (as defined by the Internal Revenue Code). A business owner without one non-familial employee (any employee other than one's spouse or dependents) is considered a Sole Proprietor and is therefore not eligible for small group coverage. However, an owner with at least one non-familial employee is not a Sole Proprietor and is eligible for coverage even if all non-familial employees waive coverage.

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<sup>6</sup> See definition of Employees of controlled group or organization at; [26 IRC § 414](#)

<sup>7</sup> [NRS 689A.615\(2\)](#)

<sup>8</sup> [NRS 689C.065](#)

<sup>9</sup> [26 CFR § 54.4980H-1\(a\)\(21\)](#)

- c. Contract Plan Modifications (No Break in Contract) – Employers may submit plan changes at renewal. A group may only add or remove a plan during their anniversary month.
- d. Acquisitions – Current and proposal groups that have been acquired must submit the following documentation for review by Underwriting:
  - i. Letter from group stating request, FIN and effective date
  - ii. Group application if ownership changes
  - iii. Enrollment and waiver forms (waivers at Underwriting’s request)
    - 1. Current groups only if requesting waiver of the waiting period
  - iv. Acquisition Agreement
  - v. Proof of ownership such as purchase agreement, tax documentation or newly formed articles.
  - vi. Wage and quarterly or two weeks of payroll
  - vii. Business License
- e. Mergers – Current and proposal groups that have merged must submit the following documentation for review by Underwriting:
  - i. Letter from group stating request, FIN and effective date
  - ii. Group application if ownership changes
  - iii. Enrollment and waiver forms (waivers at Underwriting’s request)
    - 1. Current groups only if requesting waiver of the waiting period
  - iv. Proof of ownership such as tax documentation or newly formed articles.
  - v. Wage and quarterly or two weeks of payroll
  - vi. Business License
- f. Startup Groups (Virgin Groups) – Groups with no current health coverage or are newly formed with less than six weeks of business must submit the following to be considered for coverage:
  - i. Most recent wage and quarterly filed
  - ii. Six weeks of payroll (If they have not filed a wage and quarterly)
    - 1. Payroll must include company name, dates of payroll period, employee name, wages paid, and withholdings
  - iii. Group application
  - iv. Enrollment and waiver forms (waivers at Underwriting’s request)
  - v. Business License
  - vi. Groups with less than six weeks of payroll will be reviewed by Underwriting
- g. Spinoff Groups – Groups that have formed off an existing company creating their own business. The employees are now employed by the spinoff entity. Refer to “Business Type” chart below to see what must be submitted for group to be considered for coverage.
  - i. Most recent wage and quarterly filed
  - ii. Two weeks of payroll (If they have not filed a wage and quarterly)
    - 1. Payroll must include company name, dates of payroll period, employee name, wages paid, and withholdings
  - iii. Group application
  - iv. Enrollment and waiver forms

v. Business License

Documentation Requirements for Each Business Type		
Business Type	In business more than 3 months	In business less than 3 months
C Corporation	Nevada Employer's Quarterly Contribution and Wage Report	Payroll records and Articles of Incorporation
S Corporation	Nevada Employer's Quarterly Contribution and Wage Report or K-1 for shareholder's income	Payroll records and Articles of Incorporation
Partnership	K-1 for partner's income or Schedule SE (self-employment tax) or Form 1065 Partnership Return and Nevada Employer's Quarterly Contribution and Wage Report for employees.	Partnership Agreement and SS-4 (application for tax id) and payroll records
Limited Liability Company (LLC)	May file as either a C Corporation or a Partnership (refer to above)	May file as either a C Corporation owner or a Partnership (refer to above)
Sole Proprietorship	Schedule SE and Schedule C filed with Form 1040 (tax return) and Nevada Employer's Quarterly Contribution and Wage Report for salaried employees.	Payroll records and SS-4 or appropriate tax ID verification. A sole proprietor can use a Social Security number instead of getting a new tax ID number
Farm	Form 1040 and Schedule F or K-1. Farms can also file Form 1041, 1065 or 1065B	Payroll records and SS-4 or Articles of Incorporation, Partnership Agreement, etc.
Nonprofit Organization	Form 940 or Form 990	Articles of Organization and IRS confirmation of nonprofit status
Startup Group (Virgin Groups)	N/A	Six weeks of payroll records, business license and Article of Incorporation  A new business cannot be accepted until six weeks of payroll records are available or at Underwriting's discretion

- h. Change in Tax ID or Business Name – To ensure compliance with IRS 1094 and 1095 reporting requirements, if the business owner obtains a new Tax identification number or the business name changes, Hometown Health will require a letter from the business indicating the new Tax Identification Number and business name and the effective date of the change.
- i. Guaranteed Issue and Renewability – Except in certain circumstances, guaranteed issue requires health insurance companies to offer all products that are approved for sale in the group markets to any applicant, regardless of the applicant’s health status or other factors, and to generally accept any employer that applies for any of those products.<sup>10</sup> Guaranteed Renewability requires health insurance companies offering health coverage in the group markets to renew or continue in force the coverage at the option of the plan sponsor.<sup>11</sup>
- j. Exceptions to Guaranteed Issue and Renewability – These rules do not apply to grandfathered health plans and under certain circumstances. Additionally, Hometown Health may refuse to issue coverage or to renew coverage for any of the following reasons:
  - i. Fraud – Misrepresentation of information regarding the employer or its employees;
  - ii. Non-payment of premiums;
  - iii. Inability to meet participation requirements (see Section 5 below);
  - iv. Inability to meet employer contribution requirements (see Section 6 below);
  - v. Termination of Product – Hometown Health no longer offers a coverage in a particular market;
  - vi. Discontinuation of Product – Hometown Health discontinues offering a particular product in the group market;
  - vii. Enrollee movement outside the service area – There is no longer any enrollee under the plan who lives, resides or works in the service area;<sup>12</sup>
  - viii. Discontinuation of All Coverage – As allowed by state law; and
  - ix. Incorrect Market – If the group size does not meet the definition of a Small Group or a bona fide employer-employee relationship does not exist.
- k. Coverage Alongside other Carrier(s) - Hometown Health does not allow for coverage alongside other carriers, also referred to as "slice business".

## 2. PREMIUM QUOTE CALCULATION

- a. Premium Calculation – Brokers may enter the group’s census into eQuote to receive an estimate of the cost of coverage for the group. The actual cost of coverage will be based on the actual enrollment of employees and dependents. The total premium for the group will be the sum of the rates for all employees/dependents based on the following:
  - i. Rating Area of the group (see Paragraph 2.b below);

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<sup>10</sup> [45 CFR § 147.104](#)

<sup>11</sup> [45 CFR § 147.106](#)

<sup>12</sup> Pursuant to [45 CFR § 147.104\(a\)](#) & [45 CFR § 147.104\(c\)\(i\)\(1\)](#) an employer must have at least one employee that lives, works or resides in the product’s service area.

- ii. Age of the members on the first day of new or renewing policy:
  - 1. Child age band – A single age band 0-14; individual age bands for ages 15-20;
  - 2. Adult age bands – For individuals age 21-63; and
  - 3. Older age band – A single age band for individuals age 64 and older;The premiums for no more than the three oldest covered children under the age of 21 and all covered adults 21 and over will be taken into account when determining the total employee family premium; and
- iii. Effective Date – Rates are set for each calendar quarter as approved in advance by the DOI.

Hometown Health Small Group rates do not vary based on tobacco usage or any other health factor.

- b. Geographic Service Area – For an employer group to be eligible for coverage they must have a physical address located in the product’s geographic service area.
  - i. If the employer’s business address is in the product’s geographic service area, the rates will be based on the Rating Area<sup>13</sup> where the business is located.
- c. Number of Plans Selected by Employers – Hometown Health allows Small Employers to select up to two (2) plans for less than five enrolled employees and up to three (3) plans for five or more enrolled employees. There is no restriction of metal levels offered.
- d. Management Carve Outs – State law requires carriers to offer the same coverage to all of the eligible employees of a small employer and their dependents. A carrier shall not offer coverage to only certain members of a small employer’s group.<sup>14</sup> Furthermore, the ACA prohibits discrimination in favor of highly compensated individuals.<sup>15</sup> Therefore, Hometown Health will not facilitate management carve outs.
- e. Composite Health Plan Rates Not Available – The ACA requires that the sum of the composite rate equal the sum of the age banded rate as of the effective date of the policy. This means that any quote prior to the effective date of coverage would only be a best guess until all enrollment is submitted, which could be as late as 31 days after the effective date of coverage for employees that have a qualifying life event. This could result in initial bills that are incorrect, delays to completing contracts and general dissatisfaction with the implementation process. Therefore, Hometown Health does not currently offer composite rates.

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<sup>13</sup> Rating Areas are defined by the DOI as follows:

Rating Area 1 is Clark and Nye Counties.

Rating Area 2 is Washoe County.

Rating Area 3 is Carson City and Douglas, Lyon and Storey Counties.

Rating Area 4 is all other Nevada counties.

<sup>14</sup> [NRS 689C.180](#)

<sup>15</sup> Section 2718 of the Public Health Service Act as added by Section 10101 of the Patient Protection and Affordable Care Act ([42 USC § 300gg-16](#)). The IRS has requested comments regarding the law for formulation of regulation, ([IRS Notice 2010-63](#)) but no regulation has been issued and enforcement has been delayed ([IRS Notice 2011-01](#)). Enforcing regulations will determine tax penalties associated with plans that discriminate in favor of highly compensated individuals. However, based on the Affordable Care Act and NRS, civil actions could be taken by employees against employers that discriminate in favor of highly compensated individuals.

- f. Supplemental benefits:
  - i. Vision – A group’s vision selection must be clearly noted with the confirmed plan selection. Modifications to the vision plan will not be allowed or retroactive for the contract period.

**\*\*\* Required Group Application Documentation (Submit to Hometown Health)**

1. Hometown Health requires a complete application and submission of all required documents as defined below no later than the 20th of each month prior to the group’s effective date. Once Underwriting receives the completed documentation listed below they will notify the Sales department within 2-3 business days if the group is initially approved. If an incomplete submission requires Underwriting to request additional information, your group’s effective date may be delayed. Completed Application for Group Insurance (preferably on-line)
2. Plan Selection and Signed Rate Agreement
3. Signed Group Subscription Agreement – Must be completed during the group’s open enrollment period; otherwise, group is subject to termination.
4. Enrollment applications or enrollment file for electronic eligibility
5. Signed waivers verifying employee eligibility with paper application.
  1. Underwriting reserves the right to request waivers on electronic applications to verify eligibility and participation.
6. Binder Check for first month’s premium based on the census or, if actual enrollment is available, based on the actual enrollment. If there is any discrepancy between the binder amount and the final enrollment, the balance will be billed or credited on the first premium bill. Hometown Health requires at least 75% of the premium paid for new and renewing groups.
7. Confirmation of physical business location by product
8. Most recent Nevada State Wage and Quarterly – For employees that live and work outside the State of Nevada a State specific Wage and Quarterly is required.
  - i. Employees not listed on the wage and quarterly may submit four weeks of payroll receipts.
    1. Payroll must include company name, dates of payroll period, employee name, wages paid, and withholdings
9. Business License – The following are exempt from obtaining a State Business License in accordance with the NRS.<sup>16</sup>
  - i. Nevada Nonprofit corporations formed under NRS Chapter 82 and Corporations Sole formed under NRS Chapter 84.
  - ii. Statutory exemptions in which groups may declare an exemption online include:
    1. Governmental entity as defined by Chapter 76 of the Nevada Administrative Code<sup>17</sup>
    2. A nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c).

<sup>16</sup> <https://www.nvsilverflume.gov/questions?q=142>

<sup>17</sup> <https://www.leg.state.nv.us/nac/NAC-076.html>



10. Hometown Health's Underwriting Department may request additional information upon enrollment, at renewal, or throughout the contract period in the following circumstances:
- i. Group's final enrollment changes from the initial submitted census by 20% or more;
  - ii. Monthly Compliance Audits
  - iii. Verification of National Network
  - iv. Verification of business license exemption status
    1. Groups that are non-compliant with Underwriting's request will not be renewed or maybe be given a 60-day termination notice if documentation is not returned in accordance with the compliance letter.

### 3. RENEWALS

- a. Timing – Notice of upcoming group renewals will be sent to Sales by the 9th of each month prior to the groups 60 day advance notice. Underwriting will conduct a review of the renewing group to determine if the group meets participation and contribution requirements and will notify Sales of any groups with potential failures to comply. Renewal packages will be mailed or sent electronically to the group and broker 60 days prior to the anticipated renewal date.
- b. Default Plan – If the employer does not submit renewal documentation that indicates their plan selection by the 9th of the month prior to the effective date of the renewal, the employees and their dependents will be defaulted to the same plan upon renewal. If the same plan does not exist, the employees and their dependents with be defaulted to a similar plan, as determined by Hometown Health.

### 4. MEMBER ELIGIBILITY AND ENROLLMENT

- a. Enrollment Periods – Hometown Health will comply with the open enrollment, special enrollment and limited enrollment provisions listed in the applicable EOC.
- b. Eligible Employee – An Eligible Employee is generally an employee who:
  - i. Works an average of at least 30 hours of service per week<sup>18</sup> or 130 hours of service per month;<sup>19</sup>
  - ii. Is compensated for work by the employer and subject to withholding as it appears on a W-2 form;<sup>20</sup> and
  - iii. Meets the employer defined waiting period<sup>21</sup>

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<sup>18</sup> [NRS 689C.065](#)

<sup>19</sup> [26 CFR § 54.4980H-1\(a\)\(21\)](#)

<sup>20</sup> [26 CFR § 54.4980H-1\(a\)\(15\)](#)

<sup>21</sup> [45 CFR § 147.116](#)

The owner/employer and any partners are considered an Eligible Employee for the purposes of obtaining health insurance coverage in the Small Group market.<sup>22</sup> A retiree who is collecting a pension from the Public Employees' Retirement System, whose last employer is the small group and who is eligible to continue coverage with the small group pursuant to NRS 287.023 and pursuant to the group's health plan is considered an Eligible Employee for the purposes of obtaining health insurance coverage in the Small Group market.

Eligible Employees must meet the waiting period requirements as defined by the employer.<sup>23</sup>

- c. Service Area Eligibility – Some employees who live out of the service area or outside the state may not be eligible for coverage.<sup>24</sup>
  - i. HMO Out of Service Area Eligibility – Hometown Health will not offer Small Group HMO coverage to any employee that lives outside of Nevada.
  - ii. EPO Out of Service Area Eligibility – Hometown Health will not offer Small Group EPO coverage to any employee that lives outside of Nevada.
  - iii. PPO Out of State Eligibility – Hometown Health will not offer any new Small Group PPO coverage to any employee that lives and works outside the State of Nevada in the following circumstances:<sup>25</sup>
    - 1. New Small Groups that have more than 20% of their employees who live outside the State of Nevada may not enroll their employees who live and work outside the State of Nevada in Hometown Health coverage.
      - a. At renewal Small Groups will be audited by Underwriting to ensure that the group has remained within the 20% threshold Hometown Health reserves the right to not renew groups that fall outside the national network guidelines.
- ci. Dependent Eligibility – Dependents must meet the eligibility requirements for dependents<sup>26</sup> listed in the Enrollment and Eligibility section of the applicable EOC. Additionally, Employers may restrict dependent eligibility to one of the four following coverage options prior to open enrollment:<sup>27</sup>
  - i. Employees only
  - ii. Employees and children;
  - iii. Employees, spouses and children; or
  - iv. Employees, spouses, domestic partners and children.

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<sup>22</sup> [NRS 689C.065](#)

<sup>23</sup> [45 CFR § 147.116](#)

<sup>24</sup> [45 CFR § 147.104\(c\)\(i\)\(1\)](#) & [NRS 689C.200](#)

<sup>25</sup> This paragraph does not determine eligibility for the national network. To determine which employees are eligible to receive in-network benefits from Hometown Health's national network providers, see Paragraph 10.

<sup>26</sup> [NRS 698C.055](#)

<sup>27</sup> Hometown Health recommends that, if an employer chooses to cover dependents, the employer should also pay for a portion of the dependent's coverage. If an employer does not wish to pay for a portion of the dependents' coverage, the employer should probably not cover dependents to allow the dependent to receive Advance Premium Tax Credits on the state exchange.

- e. Required Enrollment Information – Hometown Health prefers receiving enrollment information via electronic file or through iChoose with the required information listed below. If the employer does not have access to electronic submission methods, a paper application for each applicant may be submitted. The following information is required for each employee and dependent who chooses to enroll in Hometown Health coverage:
- i. Employee (Subscriber) Last Name
  - ii. Employee (Subscriber) First Name
  - iii. Employee (Subscriber) Date of Birth
  - iv. Employee (Subscriber) Social Security Number
  - v. Employee (Subscriber) Gender
  - vi. Enrolling Dependent(s) First Name(s)
  - vii. Enrolling Dependent(s) Last Name(s)
  - viii. Enrolling Dependent(s) Date of Birth
  - ix. Enrolling Dependent(s) Social Security Number
  - x. Enrolling Dependent(s) Gender
  - xi. Effective Date of Coverage
  - xii. Employee (Subscriber) Date of Hire
  - xiii. Employee (Subscriber) Complete Home Address
  - xiv. Plan Selection
  - xv. Signature of Employee (Subscriber) (on paper applications; employer should keep a copy of employee's selection and signature for their records)
  - xvi. Signature of Employer

**\*\*\* Required Eligibility and Enrollment Documentation (Employer Keep On File)**

It is the employer's responsibility to collect the appropriate documentation to support qualifying life events. This documentation includes birth certificates, adoption certificates or guardianship papers, marriage licenses, certificates of domestic partnership, death certificates, certifications of loss of coverage from an employee's previous insurer and any other documentation that substantiates the qualifying live event. Hometown Health may request a copy of any or all of this documentation in accordance with established audit criteria.

**\*\*\* Required Eligibility and Enrollment Documentation (Submit to Hometown Health)**

The employer must provide the following documentation:

1. Large Families – To effectuate coverage, families with more than 3 dependents under the age of 21 will be required to furnish a birth certificate for all covered dependents under the age of 21. This documentation must be provided either at open enrollment or during a special enrollment.

## 5. PARTICIPATION REQUIREMENTS

Carriers must uniformly apply the requirements used to determine whether to provide group coverage. These requirements include, without limitation, requirements for minimum participation of eligible employees and minimum employer contributions.<sup>28</sup>

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<sup>28</sup> [NRS 689C.160](#)

- a. Inability to meet Participation Requirements – Groups that cannot meet the minimum participation requirements described in this section on initial enrollment may only enroll in coverage during the standard ACA open enrollment period between November 15 and December 15.<sup>29</sup> For those groups enrolling during the special enrollment period you will be required to meet small group participation guidelines at each renewal period.
- b. Minimum Participation – Minimum participation requirements are as follows:
  - i. Groups with two (2) eligible employees who do not have creditable coverage – Both employees must enroll in coverage;
  - ii. Groups with three (3) eligible employees who do not have creditable coverage – Two (2) employees must enroll in coverage; and
  - iii. Groups with four or more (4+) eligible employees who do not have creditable coverage – At least 50% of eligible employees must enroll in coverage.

A carrier may not consider employees who have creditable coverage when determining whether participation is met.<sup>30</sup> Therefore, for the purposes of the minimum participation requirement calculation, employees with other creditable coverage will not be considered “eligible employees.” Additionally, Hometown Health will provide coverage to a single person (a “group” of one) in the Small Group market as long as the employer is considered a Small Employer and all other Eligible Employees have other creditable coverage.
- c. New Employees Counted – Employees who have submitted an Enrollment Application and who are within the waiting period of their effective date will be considered when determining participation compliance.

## 6. EMPLOYER CONTRIBUTION REQUIREMENTS

- a. Inability to meet Contribution Requirements – Groups that cannot meet the minimum contribution requirements described in this section on initial enrollment may only enroll in coverage during the standard ACA open enrollment period between November 15 and December 15.<sup>31</sup>
- b. Minimum Contribution – An employer must contribute a minimum of 50% of the cost of coverage for employee only coverage for each enrolled employee.
  - i. Multiple Plans – If an employer offers multiple plan options, the minimum 50% contribution will be based on the lowest premium plan available to each employee.
- c. No Contribution Requirement for Dependents – Employers are not required to pay for any portion of dependent coverage, though it is recommended (see Paragraph 4.d above and the accompanying footnote).
- d. Additional Contribution Allowed – An employer may choose to pay for any portion of the cost of coverage above the minimums described in this section.

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<sup>29</sup> [45 CFR § 147.104\(b\)\(1\)\(i\)\(B\)](#)

<sup>30</sup> [NRS 689C.170\(2\)](#). See [NRS 689C.053](#) for the types of coverage considered Creditable Coverage.

<sup>31</sup> [45 CFR § 147.104\(b\)\(1\)\(i\)\(B\)](#)

- i. When an employer group is contributing 100% of the employee premium, no eligible employee can waive coverage except for those that have creditable coverage. For the purposes of this requirement, coverage under another health plan that is sponsored by the employer is not considered creditable coverage.
  
- e. Full Premium Due – Regardless of the amount of contribution the employer elects to pay, full premium must be paid by the due date on the applicable invoice, regardless of whether the employer has collected the appropriate amount of premium from the employer’s employees.

## **7. WAITING PERIODS**

A small employer may not have a waiting period with coverage that begins later than 60 days on or following the date of benefit eligible employment. A small employer may elect to include a reasonable and bona fide orientation period, not to exceed 30 days, prior to the start of the waiting period.<sup>32</sup>

## **8. NEW GROUP DEDUCTIBLE CREDIT**

For new groups, Hometown Health will provide credit for medical or combined deductibles met under prior group health coverage. Proof of the deductible amount must be submitted in a format defined by Hometown Health within 90 days of the group’s effective date of coverage.

Hometown Health will not provide credit for any new employee who applies for coverage after the initial group deductible credit has been completed.

Hometown Health will not reprocess claims that were processed prior to the date the deductible credit list was received.

## **9. GRANDFATHERED PLANS**

Grandfathered small group health plans may be rated based on health status and are exempt from certain requirements of the Affordable Care Act and the Public Health Service Act.<sup>33</sup>

## **10. NATIONAL NETWORK**

National Network – Hometown Health’s national network is the network of providers who are included in the network leased by Hometown Health.

- a. HMO National Network Eligibility – Hometown Health does not offer its national network to any HMO member.
- b. EPO National Network Eligibility – Hometown Health does not offer its national network to any EPO member.

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<sup>32</sup> [45 CFR § 147.116](#)

<sup>33</sup> [45 CFR § 147.140](#)



- c. PPO National Network Eligibility – Hometown Health has a comprehensive network within the State of Nevada. The national network will only be available to employees in the following circumstances:
  - i. The subscriber lives and works outside the state of Nevada. Please see Paragraph [4.c.iii above](#) for additional restrictions regarding this eligibility.
  - ii. The subscriber’s covered dependent is attending a college which requires the dependent’s physical attendance at the college outside of Nevada; or
  - iii. The subscriber’s covered dependent under the age of 19 who lives outside of Nevada with the dependent’s primary guardian.

A spouse will not have access to the national network unless the subscriber lives and works outside of Nevada as described in (i) above. A dependent will not have access to the national network unless one of the conditions described in (i) through (iii) above apply.

To gain access to the national network, the employer or broker must provide Hometown Health the applicable eligibility provision above which applies to the member.

The national network shall be available to a member effective on the first of the month that Hometown Health receives a valid, approved request to provide access to the national network for that member.