UNDERWRITING GUIDELINES

For Businesses with 51+ Eligible Employees

Effective February 1, 2013
Colorado

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Section 1

Underwriting Process Overview

1) LARGE GROUP PROPOSAL REQUEST CHECKLIST

The following documentation is required when submitting new business:

1. Proposal Request form
2. Census of all enrolled subscribers, with each of the following indicated in separate columns:
   - » Date of Birth
   - » Gender
   - » Rating Tier: Employee only = EE, Employee Spouse = ES, Employee Child(ren) = EC, Employee Family = EF, and Waiving = Waive
   - » Current plan selection each employee is enrolled in, declined if not enrolled, COBRA or in a waiting period
   - » Employee home zip
3. Current carrier, renewal date, plan design & rates
4. Renewal plan design & rates (if available)
5. A copy of the last month's group premium statement
6. If available, a minimum 12 months of group experience, by month, including:
   - » Enrolled subscribers, enrolled members, paid medical claims, paid pharmacy claims, and any other paid claims
   - » High Claimant Report: listing of all individuals incurring at least $25,000 in claims during the preceding 12 months
7. If applicable, please indicate if quote should fall under our HMO Combo Program
8. Please indicate if the group intends to partially self fund the member out of pocket expense, and if so, to what extent.

Currently self funded groups requesting a fully insured quote:

1. The historical group experience and a high claimant reports are required
2. An explanation of why the group desires a fully insured quote
3. At SeeChange Health's discretion, individual health statements may be required

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2) REQUIREMENTS FOR APPLICATION SUBMISSION

The following documentation is required when submitting new business:

1. Large Group Employer Application

2. SeeChange Quote

3. Applications for all enrolling employees

4. Census of all enrolled subscribers, including age, gender, family tier
   - » All employees should be identified as actively enrolled, in the waiting period, waiving coverage or on COBRA

5. If the census is used in lieu of employee applications, the following information should be included:
   - » Each employees' original effective date of medical coverage (if available)
   - » Employee Name
   - » Date of Hire
   - » Date of Birth
   - » Gender
   - » Address
   - » Social Security Number
   - » Plan Selection if employer has chosen the Employee Option Program
   - » All Enrolling Dependent Names
   - » Relationship to Employee
   - » Date of Birth
   - » Gender
   - » Address
   - » Social Security Number

6. The employer must submit a valid waiver form for any employees choosing not to enroll with SeeChange Health

7. Renewal plan rates from the prior carrier (if available)

8. A copy of the last month's group premium statement

9. A check (on company check stock) for the estimated first month's premium made payable to SeeChange Health, or if ACH method is selected include a voided company check

10. If the HMO Combo Program is chosen, in addition to the above, the following is required:
    - » Employees enrolling on the other carrier HMO must be indicated on the census
    - » A copy of the HMO applications or current HMO invoice indicating all HMO enrollees
    - » Waiver/declination forms for each eligible employee not enrolling on either group policy

3) GUIDELINES FOR COMPLETING FORMS

All questions must be answered and all signatures and dates must be obtained before SeeChange Health can begin processing the group's applications. Incomplete information will likely delay and may stop the underwriting process. Here is additional information you should know:

a) The date of employer 's signature cannot be more than 60 days prior to the effective date for new group submissions.

b) Whenever an individual has a language barrier and requires assistance to properly complete the application, the application must be submitted with a letter from the group or the agent explaining the situation. The translator should sign the letter attesting to the fact that the information was translated accurately.

4) PROCESSING TIME SPECIFICATIONS

When you first submit a case, please make sure all required forms and other documents are completed accurately and included with your submission.

a) Any additional information required for making a determination must be received within 10 days of the underwriter requesting the information.

b) When the information submitted is incomplete and subsequently not received in a timely manner, the group's application may be withdrawn for the month requested. The underwriting process will continue and the group may be offered the 1st of the following month unless SeeChange is notified that the group wishes to withdraw its application.

5) EVALUATION CRITERIA

Underwriting is based on the following criteria:

» Business qualifications
» Employer contribution
» Health Status
» Employee and dependent eligibility
» Employee participation
» Group demographics
» Actively at work employees percentage vs COBRA
» Geographic distribution of employees
» Group experience
» Overall risk of group

We may decline a group if the group does not meet our underwriting guidelines.

Any exceptions will be made on a case by case basis. The decision of SeeChange concerning such exceptions is final.

Section 2

General New Business Underwriting Guidelines

1) GROUP ELIGIBILITY REQUIREMENTS

a) The group must have and must maintain the business licenses and / or appropriate state filings allowing the company to conduct business in the state of Colorado.

b) The group must have a minimum of 51 full time eligible employees.

c) No more than 50% of enrolled subscribers live and work outside the State of Colorado.

d) The group must not have terminated SeeChange group coverage within the 12 months prior to the requested effective date.

e) The group must not have been terminated from prior SeeChange coverage for non-payment of premiums.

f) The group must have had 3 or less health insurance carriers within the last 5 years.

g) Group must not currently be in Bankruptcy protection, about to file for Bankruptcy protection, or has been in Bankruptcy protection in the last 5 years.

2) EMPLOYER/EMPLOYEE RELATIONSHIP REQUIREMENTS

a) An employer/employee relationship must exist.

b) An employee who works a minimum of 24 hours per week and meets the Colorado labor laws is considered a full-time employee.

c) Persons compensated on a 1099 basis are not eligible.

d) Seasonal, temporary or substitute employees, defined as employees hired with a planned future termination date, are not eligible. [See “Ineligible Categories”]

e) SeeChange Health recognizes only one employer group per group benefit agreement. If an owner believes that the structure of his or her holdings produces a single employer-employee relationship, SeeChange Health will require copies of all associated supporting documentation. SeeChange Health will make the final determination of whether there is one responsible employer.

3) INELIGIBLE CATEGORIES

The following categories are considered ineligible for coverage:

» Associations
» Multiple Employer Trust
» Taft Hartley Labor Trusts
» Hour Bank Group
» Professional Employer Organizations (PEO’s). SeeChange Health will cover the direct administrative staff employees of a PEO. PEO’s are not eligible to market SeeChange rates to their employer customers, regardless or not if a co- employment arrangement exists
» Retirees.

Other Ineligible Classifications Include:

» 1099s
» Leased employees
» Members of organizations (such as credit union or fraternal order members);
» Employers failing to maintain a business licensure and/or appropriate state filing allowing the company to

conduct business in the state of Colorado.

» Board of Director Members and stockholders are not eligible unless they are also officers and working at least 20 hours per week.

4) EMPLOYEE OPTION PROGRAM

Employers may choose to offer single benefit plan to all employees, or they may choose the Employee Option Program. The Employee Option program gives employees the ability to select from any of the plans in the benefit Suite(s) selected by the employer. The employer may pair the HSA suite with any of the other benefit suites.

For example, if the employer chooses the Classic Plan Suite, employees can enroll in the Classic 2200, Classic 3500, or Classic 5000 – and if selected, any of the HSA plans. Employees cannot enroll in a plan from a different Suite than the employer has selected. If the employee is covering dependents, all family members must in enroll in the plan that is selected by the employee.

5) SUPPLEMENTAL COVERAGE

SeeChange Health allows employer groups to have a Section 125 Flexible Spending Account (FSA), Section 105 plans, and HRA accounts along side the SeeChange Health coverage. Any account listed above, or similar in nature, must be fully disclosed on the Employer Application and the amount funded into the account cannot exceed 50% of the annual out of pocket costs.

In the event a group has supplemental coverage and does not fully disclose this, including the amount of funding, to SeeChange Health during the application process, rates are subject to change retroactively to the beginning of the policy year, agent commissions may be withheld and we may terminate the agent's appointment, at SeeChange Health's discretion.

6) CONTRIBUTIONS

If a single benefit plan is offered to all employees, the employer must contribute at least 50% of each covered employee's monthly health premium. If the employer has selected the Employee Option Program, the employer must contribute at least 50% of the least expensive plan design, from one of the three plans in the benefit Suite selected by the employer.

Payroll deduction is required if employees are required to contribute. There is no requirement for the Employer to contribute to dependent coverage.

7) EMPLOYEE ELIGIBILITY

To be eligible as an employee, a person must:

a) Be an active employee on a full-time basis, with a regularly scheduled work week of at least 24 hours per week at the employers regular place of business and have completed the waiting period selected by the employer

b) Be compensated for that work by the employer subject to withholding as appears on a W-2 form

8) DEPENDENT ELIGIBILITY

To be an eligible dependent, a person must be related to an eligible employee as a:

a) Lawful spouse

b) Domestic partner

c) Natural child

d) Newborn child

e) Stepchild

f) Legally adopted child

g) Ward of legal guardian

Child dependents are eligible to his/her 26th birthday. Spouses and children of a dependent child are not eligible for coverage. If a disabled child reaches the limiting age while enrolled with SeeChange Health, the disabled child will remain eligible for as long as the qualifying disabling condition is evident, regardless of age.

An eligible employee may be required to provide proof of parenthood and dependency of the child. Proof of parenthood must be provided by submitting the child's birth certificate.

a) A new spouse or stepchild must complete an application and pre-existing limitations may apply.

b) A newborn child must be added to an existing policy within 30 days following the date of birth. No health questionnaire is required if enrolled within 30 days following the date of birth. Otherwise, the child will be considered a late enrollee. Late enrollees may be subject to a 12-month waiting period, and an effective date on the first of the month following receipt of the application.

c) An adopted child must be added within 30 days following the date of acceptance of legal responsibility or placement in the physical custody of the adopting parent(s). Copies of legal documentation must be submitted along with the enrollment.

d) Ward of legal guardian if added to an existing policy within 30 days following acquisition. An application must be filed within 30 days of issuance of the final court decree or order of legal guardianship. A "Letters of Guardianship" form from the court, showing the filing date and court seal, must also be filed with the application.

9) LATE ENROLLEES

A late enrollee is an eligible employee or dependent who has declined enrollment in the health benefit plan offered by their employer at the time of the initial enrollment / eligibility period, and who subsequently requests enrollment.

Employees choosing to waive coverage will be required to sign a Declination of Coverage form. Failure to elect coverage during the initial enrollment period permits the plan to impose an exclusion from coverage for a period of up to twelve months and subsequently, a six month exclusion for applicable pre-existing conditions. The initial enrollment period shall be a minimum of 30 days.

An eligible employee or dependent should not be considered a late enrollee if the individual meets all of the following:

a) He or she was covered under another health benefit plan at the time the individual was eligible to enroll.

b) He or she certified at the time of the initial enrollment that coverage under another health benefit plan was the reason for declining enrollment. If the individual was covered under another health benefit plan, the individual was given the opportunity to make the certification required by this subdivision and was notified that failure to do so could result treatment as a late enrollment.

c) He or she has lost or will lose coverage under another health benefit plan as a result of:
   - » termination of employment of the individual or of a person through whom the individual was covered as a dependent
   - » change in employment status of the individual or of a person through whom the individual was covered as a dependent
   - » termination of the other plan's coverage
   - » cessation of an employer's contribution toward an employee or dependent's coverage
   - » death of the person through whom the individual was covered as a dependent
   - » marriage or domestic partnership dissolution

d) He or she requests enrollment within 30 days after termination of coverage or cessation of employer contribution toward coverage provided under another health benefit plan.

e) A court has ordered that coverage be provided for a spouse or minor child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order.

A late enrollee may only enroll in the health benefit plan during the annual open enrollment process.

10) PARTICIPATION REQUIREMENTS

The standard group participation requirement is a minimum of 75% of the eligible employees. There is no participation requirement for dependents.

- » If the Employer pays 100 percent of the employee premium (non-contributory) 100% of employees must enroll in the plan.
- » The group must maintain the corresponding minimum participation levels in order to remain eligible.
- » Groups are subject to non-renewal if participation falls below the required minimum.
- » If an employee is waiving coverage due to other group coverage through another employer (as a subscriber or a dependent) the employee may be considered ineligible for calculating participation. The employer must submit a declination and proof of coverage for these employees.
- » If a husband and wife both work for the same employer, they may apply separately as employees or one may be a dependent on the other's coverage.

11) HMO COMBO PROGRAM

Employers can offer SeeChange Health alongside another carrier's HMO providing the requirements referenced below are met:

a) 75% of the group enrolls in the medical coverage being offered by the employer (i.e., either SeeChange Health Insurance or the HMO).

b) 50% of the employees enrolling must enroll with SeeChange Health.

c) The employer may only offer one single plan from the SeeChange Health portfolio. This program is not available to groups offering our Employee Option program (in which employees may select from a variety of our plans).

12) MULTIPLE CARRIERS

This offering is separate from the HMO Combo Program. SeeChange Health allows employer groups with 250 or more enrolled subscribers to offer additional group medical carriers alongside the SeeChange Health offering.

a) Employee costs for the SeeChange Health product, after employer contributions, must be equal to or lower than the other carrier.

b) At least 51% of the total population must enroll with SeeChange Health.

Any exceptions to this policy will be made on a case by case basis. The decision of SeeChange concerning such exceptions is final.

13) RATING POLICIES

All rates will be based on the employee and dependents actually enrolled for coverage.

a) The underwriter will determine the group's acceptance, final rates and effective date.

b) Composite rates are available to groups with 51 or more enrolled employees.

14) RATE AND BENEFIT GUARANTEE

a) The standard medical rates are guaranteed for 12 months from the initial effective date and for at least six months thereafter. It is SeeChange's current policy to offer a 12 month rate guarantee at renewal. This policy is subject to change.

b) The group's anniversary month will determine the timing of future adjustments. For example, SeeChange's current policy is to offer a 12 month rate guarantee. Rates will adjust annually concurrent with the group's anniversary month.

c) Changes to both medical rates and benefits can be made with 60 days notification.

15) NEW GROUP ELIGIBILITY / EFFECTIVE DATE

a) The eligibility date for existing employees and dependents is the employer's effective date unless new hires have not yet satisfied their employer's imposed waiting period. The effective date for these employees will be the first of the month following completion of the waiting period.

b) The employer has the option to waive the waiting period for all new hires at the initial group enrollment only.

c) Groups are not guaranteed to receive the effective date they request. All reasonable efforts will be made to provide the requested effective date, but this requires complete and correct group and subscriber enrollment materials to be received in a timely manner.

d) It is the agent's responsibility to notify the Underwriting Department prior to approval of a group if a change in the requested effective date is to be considered. A request for a change in the effective date must be submitted in writing and signed by the employer or designated group administrator.

16) WAITING PERIOD

New hires may be eligible for coverage on the first of the month following the employee's hire date, or on the first of the month after a 1, 2, 3, 4, 5 or 6 month waiting period for all future employees. The eligibility date for coverage for future employees is always the first day of the month following completion of the waiting period. There will be no exceptions made to waive the waiting period for any employees other than for employees actively at work on the group's initial enrollment date.

17) PRE-EXISTING CONDITIONS

a) Pre-existing condition limitations are currently imposed where applicable, for up to 6 months following the effective date of coverage and are applied to conditions for which care was sought or provided within 6 months of the enrollment date. Pre-existing condition limitations are not applicable to newborns and adoptees. Pregnancy is not subject to any pre-existing condition limitations. Note: The "look back" period for pre-existing conditions begins with the enrollment date (usually the hire date, not the employee's effective date).

b) SeeChange Health will give credit for prior medical coverage, including Individual, Group or State - Sponsored Programs, in accordance with Health Insurance Portability Assurance Act (verification is required).

c) New hires, re-enrollees and late enrollees could be subject to the pre-existing clause as stated above.

18) POLICY YEAR / PRIOR DEDUCTIBLE CREDITS / ANNUAL MAXIMUM

a) For new groups who have selected a calendar year deductible period, SeeChange Health provides credit for deductibles met under prior group medical coverage, if proof of the actual dollar amount is submitted with the first claim.
   - » Credit for an annual maximum copayment is not available.
   - » Credit for pharmacy deductible credit is not available, except for HSA compatible plans.

b) For new groups who have selected a plan year deductible period, the deductibles and out of pocket maximums reset each year on the policy year anniversary; not on a calendar year basis. Therefore, enrollees have a full 12 months to satisfy the deductible and we do not credit prior claims towards current policy year deductibles.

19) FEDERAL REGULATIONS CONCERNING PRIMARY AND SECONDARY

Coverage (Medicare and COBRA)

a) If a member is required to pay an additional premium for any part of Medicare and chooses not to enroll in that part, SeeChange Health will pay per contract benefits as primary.

b) If a member is eligible for any part of Medicare that is premium-free and chooses not to enroll in that part, Medicare would be considered primary and the member's SeeChange Health plan would be secondary. SeeChange Health will estimate Medicare's benefit prior to SeeChange Health coordinating coverage for deductibles and co-insurance.

c) SeeChange Health Company is secondary to Medicare when the following criteria are met:
   - » Members under 65 are eligible for Medicare due to a disability.
   - » Members are enrolled following the first 30 months of kidney dialysis treatments for end-stage renal disease.

d) The employer is responsible for COBRA administration, within the guidelines established by the federal government for compliance by employer groups.

20) WORKER'S COMP REQUIREMENTS

SeeChange Health will provide 24 hour coverage to owners, partners and officers who legally opt out of Worker 's Compensation coverage. All other employees are required to be covered under Worker's Compensation in order for the group to be eligible for coverage.

Section 3

Contact Information

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