

# Group Medicare Plans Underwriting Guidelines

Independence Blue Cross Underwriting Department

This document is for informational purposes only and is not intended to be comprehensive. Independence Blue Cross (IBC) reserves the right to change these underwriting guidelines without notice as IBC, within its sole discretion, believes necessary or to comply with federal and/or state law or as required by federal and/or state regulatory agencies. IBC has the sole discretion and final authority to interpret the scope and application of the underwriting guidelines. These guidelines supersede any previously released guidelines.



**Independence  
Blue Cross**

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### Key product terms used in this document

**MA:** Refers to Medicare Advantage Plans (HMO, POS, and PPO) with or without prescription drug coverage

**Medigap:** Refers to Medicare Supplement Plans

**Original Medicare:** Refers to the traditional Medicare fee-for-service program offered directly through the federal government (Parts A and B)

**PDP:** Refers to the Medicare prescription drug plan

# Eligibility and enrollment requirements

<b>Group and member location requirements</b>	<p>Location requirements are as defined by the Centers for Medicare and Medicaid Services (CMS):</p> <ul style="list-style-type: none"><li>• <b>MA plans:</b> (residency requirements as defined by CMS)<ul style="list-style-type: none"><li>• Corporate headquarters: Anywhere in the United States</li><li>• Covered group members: Must reside in the Greater Philadelphia five-county area: Philadelphia, Bucks, Montgomery, Chester, and Delaware</li></ul></li><li>• <b>PDP plans:</b> (residency requirements are as defined by CMS)<ul style="list-style-type: none"><li>• Corporate headquarters: Must be located in the Greater Philadelphia five-county area: Philadelphia, Bucks, Montgomery, Chester, and Delaware</li><li>• Covered group members: May reside anywhere in the United States</li></ul></li><li>• <b>Medigap plans:</b><ul style="list-style-type: none"><li>• Corporate headquarters: Must be located in the Greater Philadelphia five-county area: Philadelphia, Bucks, Montgomery, Chester, and Delaware</li><li>• Covered group members: May reside anywhere in the United States</li></ul></li></ul>
<b>Employer group/ health and welfare fund eligibility (the "group")</b>	<ul style="list-style-type: none"><li>• An employer/union with an active commercial group's health plan through IBC;</li><li>• Organizations must not be formed solely for the purpose of obtaining health coverage.</li></ul>
<b>Minimum participation requirements</b>	<ul style="list-style-type: none"><li>• Minimum of two enrolled contracts:<ul style="list-style-type: none"><li>• One Medicare member and one commercial member; or</li><li>• MA plans only: Two or more Medicare members and no commercial members, only when the group "ages into" this status (where all the IBC commercial group's enrolled members attained Medicare eligibility and are still actively working), with Underwriting approval.</li></ul></li></ul>

**Member eligibility**

- Medicare-eligible retirees of the employer/union who meet all of these requirements:
  - are deemed benefit eligible according to the employer;
  - are entitled to Medicare Part A and/or enrolled in Medicare Part B;
  - meet all requirements as defined in the summary plan description;
  - reside in the product's defined service area (as described above).
- For PDP plans only, must be a retiree of the customer offering the PDP (may be an active employee elsewhere).

*Note: If the group offers a PDP, Medicare members would not be eligible for any freestanding prescription drug plan offered by the group.*
- *Ineligible members include:*
  - 1099 contractors; sole proprietors, Pennsylvania licensed professionals, silent partners, shareholders or investors only; owners, officers or managing members or members of boards of directors who were/are not employees of the group.
  - For MA plans, individuals medically determined to have end-stage renal disease (ESRD) are not eligible for coverage (exceptions may apply). This restriction does not apply to Medigap and PDP plans.

**Medicare eligible dependents**

- Each Medicare plan contract is based on individual eligibility (Medicare plans do not allow dependents to be covered under one contract.)
- Group may use term "dependent" to define a spouse or Medicare-eligible child of an eligible employee/retiree who enrolled in an IBC plan through the group.
- Each "dependent" would have a separate contract under the group plan based on his/her individual Medicare eligibility.
- Surviving spouse eligible for coverage, only if group elects to extend coverage to this category.
- Domestic partners, only if the commercial group has elected this designation.

# Benefit regulations and product offerings

<p><b>Medicare Advantage (MA) plans</b></p>	<ul style="list-style-type: none"> <li>• <b>Definition:</b> The MA plans are part of the Medicare program, providing all Medicare-covered health care services, plus additional benefits such as wellness benefits and preventive services.</li> <li>• IBC Medicare Advantage products (available with or without Rx benefits):             <ul style="list-style-type: none"> <li>• Keystone 65 (KS65) HMO Plans and Keystone 65 HMO-POS Plans</li> <li>• Personal Choice 65 (PC65) PPO Plans</li> </ul> </li> </ul>
<p><b>Medicare supplement product</b></p>	<ul style="list-style-type: none"> <li>• <b>Definition:</b> Medicare supplement plans (also referred to as Medigap policies) fill some of the gaps in original Medicare coverage (covering coinsurance, copayments and/or deductibles, and some policies cover certain expenses not covered by original Medicare.</li> <li>• <b>IBC Medicare supplement product:</b> MedigapSecurity.</li> </ul>
<p><b>Medicare Prescription Drug Plan (PDP)</b></p>	<ul style="list-style-type: none"> <li>• <b>Definition:</b> A standalone drug plan offered to beneficiaries receiving their Medicare Part A and/or Part B benefits through original Medicare.</li> <li>• <b>IBC Medicare Prescription Drug Plan:</b> Select Option PDP.</li> <li>• Available to retirees only.</li> </ul>
<p><b>Dental and vision coverage</b></p>	<ul style="list-style-type: none"> <li>• Available as a dental and/or vision rider to Keystone 65 and Personal Choice 65 Plans.</li> <li>• Medicare members may be eligible to enroll in freestanding vision and dental plans offered by the active commercial group to its members (refer to commercial group underwriting guidelines for requirements and limitations.)</li> </ul>
<p><b>Plan and benefit changes</b></p>	<ul style="list-style-type: none"> <li>• <b>Upgrades in coverage:</b> Permitted only on anniversary date (for all MA plans, the anniversary date is January).</li> <li>• <b>Downgrades in coverage:</b> Off-anniversary downgrades are permitted using the following guidelines:             <ul style="list-style-type: none"> <li>• Medigap plans: All changes must be completed 180 days prior to anniversary.</li> <li>• MA plans: The effective date of change must be no later than June 1.</li> <li>• All changes will be on a prospective basis only.</li> <li>• All requests subject to Underwriting approval.</li> </ul> </li> </ul>

## Overview of benefit plan offerings by group size

Group size: <i>(New business: eligible enrollees; existing business: enrolled contracts)</i>	Less than 10 <i>(KS65 and PC65 Combined)</i>	10 to 50	51+
<b>Benefit plans available:</b>			
<ul style="list-style-type: none"> <li>• <b>PA Medicare Advantage Plans (MA)</b> with or without prescription drug rider:               <ul style="list-style-type: none"> <li>• Keystone 65 HMO</li> <li>• Personal Choice 65 PPO</li> </ul> </li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>• <b>Medigap Plan:</b> <ul style="list-style-type: none"> <li>• MedigapSecurity</li> </ul> </li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>• <b>Medicare Prescription Drug Plan (PDP)</b> <ul style="list-style-type: none"> <li>• Select Option PDP (available to retirees only)</li> </ul> </li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>• <b>Freestanding Dental Plan (UCCI)</b></li> </ul>	See notes below	See notes below	See notes below
<ul style="list-style-type: none"> <li>• <b>Freestanding IBC Vision Plan</b></li> </ul>	See notes below	See notes below	See notes below

*Notes: The small group community product portfolio will apply to groups with less than 10 enrollees.*

*Vision and dental benefits may already be packaged with the HMO product; PPO and Medigap customers wishing to add commercial vision and/or dental benefit plans are subject to commercial product underwriting guidelines.*

Quoting policy:			
<ul style="list-style-type: none"> <li>• Maximum number of plans (dual plan options)</li> </ul> <p><i>Notes: Discontinued Medicare products are not counted toward maximum number of plans.</i></p> <p><i>Group may not offer the same medical plan with different drug plan options.</i></p> <p><i>Keystone 65 Select HMO may not be offered as a dual option with standard KS65 or PC65 plans; it may be offered as a dual option with Medigap plans.</i></p>	1 PA MA Plan 1 NJ MA Plan 1 Medigap Plan 1 PDP	2 PA MA Plans 2 NJ MA Plans 2 Medigap Plans 2 PDPs	See your IBC account executive for the number of plans available.
Type rating program:			
<ul style="list-style-type: none"> <li>• <b>MA Plans – PA</b> (based on combined enrollment of HMO/PPO MA plans)</li> </ul>	Small group community	Community	Experience
<ul style="list-style-type: none"> <li>• <b>Medigap Plans</b></li> </ul>	Community	Community	Community
<ul style="list-style-type: none"> <li>• <b>PDP Plans</b></li> </ul>	Community	Community	Community

*Notes: New business: Customers with 10 or more eligible enrollees are community rated; customers with 2 to 9 eligible enrollees and broker administrators will receive small-group community rates and benefit plans.*

*Highmark Blue Shield may apply different rating methods to medical/surgical portion of Medigap rates.*

# Rating information

Rating programs	Rating programs applicable based on size of group — See "Overview of benefit plan offering" chart above for type of rating applicable.
Experience rating	<ul style="list-style-type: none"> <li>Fully-insured program</li> <li>Rates based on group's historical experience</li> </ul>
Community rating	<ul style="list-style-type: none"> <li>Fully-insured program</li> <li>Rates based on aggregated experience of all customers in the rating pool</li> </ul>
Small group community rating	<ul style="list-style-type: none"> <li>Fully-insured program</li> <li>Rates based on aggregated experience of all customers in the small group rating pool</li> </ul>

Rate quote submission	Rating programs applicable based on size of group — See "Overview of benefit plan offering" chart above for type of rating applicable.
Situations requiring rate quote submission through IBC account executive	<p><b>Existing business:</b></p> <ul style="list-style-type: none"> <li>When the rate quote cannot be obtained through the ROAM system</li> <li>An early rate request (for experience rated groups only)</li> <li>A change in anniversary date (does not apply to MA plans)               <ul style="list-style-type: none"> <li>Documentation required: Letter from group (on customer letterhead)</li> </ul> </li> </ul> <p><b>New business:</b></p> <ul style="list-style-type: none"> <li>When the rate quote cannot be obtained through the ROAM system.</li> </ul>
Documentation required when submitting a rate quote request	<p><b>New and existing IBC group business:</b></p> <ul style="list-style-type: none"> <li>Requested plan design</li> <li>Marketing strategy and group/broker expectations (if applicable)</li> </ul>
Right to decline to quote	<ul style="list-style-type: none"> <li>Subject to applicable federal and state laws, IBC reserves the right to decline to quote any group deemed to be in violation of our underwriting guidelines. Such a decision will not be based in any way on the medical condition of the group's members.</li> </ul>

# Group terminations and reinstatements

<b>Termination process</b>	<ul style="list-style-type: none"><li>• Any terminations will be in compliance with the group Medicare Advantage contract.</li><li>• Group may terminate coverage on contract anniversary date, with at least 30 days' advance written notice to IBC.</li><li>• IBC may terminate the group's coverage for nonpayment of premium, upon written notice, effective the last day of the 30-day grace period.</li><li>• IBC may terminate coverage upon termination or non-renewal of the CMS contract, with 90-day notice to the group.</li><li>• IBC reserves the right to terminate a group's coverage off-anniversary if the group fails to meet IBC's underwriting guidelines, including but not limited to minimum participation requirements.</li></ul>
<b>Terms and conditions upon termination of coverage</b>	<ul style="list-style-type: none"><li>• The group is responsible for all due but unpaid premiums.</li><li>• When the active group is terminated, all retiree and Medicare groups (including Medicare Advantage) will also be terminated.</li><li>• Groups that terminate to purchase individual coverage will not be eligible for group coverage for 12 months from the date of termination.</li></ul>
<b>Reinstatement of coverage</b>	<ul style="list-style-type: none"><li>• Applies to groups terminated from coverage due to nonpayment of premium.</li><li>• Reinstatement must occur within 60 days of the effective date of cancellation.</li><li>• For Medigap plans, reinstatement must be retroactive to the cancellation date.</li><li>• For MA and PDP plans, CMS regulations prohibit retroactive reinstatement of coverage.</li><li>• Any past-due premium must be paid prior to reinstatement.</li><li>• Upon satisfaction of the above conditions, Underwriting will review the case and make a final determination whether or not to approve reinstatement and applicable rate level.</li><li>• Limited to one reinstatement per year.</li></ul>



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