

**Underwriting Assumptions
Oregon Small Employer Groups
Effective October 1, 2010**

Medical, Prescription Drug and Vision

1. Proposed rates and benefits are based on the information received at the time of proposal. Final rates and benefits for new groups are based on actual enrollment. For renewing groups, final rates are based on the enrolled census at the time the annual renewal is issued.
2. This proposal is valid only for the effective date indicated on the rate exhibit.
3. All rates are guaranteed for a 12-month period.
4. LifeWise will contract with one legal entity in which a true employer/employee relationship exists with all eligible employees. Documentation of the group's eligibility as an Oregon Small Employer will be required at the time of enrollment. An Oregon Small Employer is an Employer that employed:
 - An average of at least two (2) but not more than 50 employees; and,
 - Who are working at least 17.5 hours or more per week; and
 - The majority of whom are employed within this state; and,
 - That employs at least two (2) eligible employees on the date in which coverage takes effect.
5. For new groups with four (4) or fewer enrolling employees and for renewing groups renewing with three (3) or fewer enrolling employees a Federal Tax Identification number **and** verification of business status is required (i.e., Oregon State Wage & Tax Form 132 and/or the appropriate form of documentation).

For new groups with five (5) or more enrolling employees and for renewing groups with four (4) or more enrolling employees, a Federal Tax Identification number is required.

6. To be eligible for coverage, an employee must work on a regularly scheduled basis with a normal work week of 17.5 hours or more per week and meet the eligibility requirements established by the employer group.

Seasonal, on-call and temporary employees are not considered eligible employees and are not eligible for coverage.
7. A six-month waiting period for pre-existing conditions applies to members age 19 and older. A twelve-month benefit exclusion period for covered transplants is included in this plan and applies to all members. Creditable coverage will be used to reduce the duration of the pre-existing condition waiting period and the covered transplant benefit exclusion period. The creditable coverage must be in effect on the date, or terminated within 63 days of the date, the member enrolls in a LifeWise plan.
8. Common enrollment between medical, prescription drug, and vision is required.
9. Multiple Family Members:
 - For Non-HSA products, if an employee's spouse or child is or becomes an eligible employee of the employer, he or she must enroll as an employee.
 - For HSA products, an employee and spouse who work for the same employer and who are both eligible employees, have the option of enrolling as two separate employees or as an employee and dependent. If a child becomes an eligible employee, he or she must enroll as an employee.

10. The following contribution and participation requirements apply:
 - The employer must contribute at least 50% of the total "employee only" monthly (medical, prescription drug, vision and dental) premium.
 - Coverage must be offered to all eligible employees and their dependents.
 - LifeWise does not offer employee only plans. Eligible family dependents of an enrolled employee must be offered the option to enroll.

- Employees and dependents who have coverage under the following may waive coverage and it will not be counted against participation requirements:
 - Another group health plan, Medicaid; Medicare, TriCare, Indian Health Services, or a publicly sponsored or subsidized health plan (not limited to the Oregon Health Plan).
 - Eligible employees and dependents who waive group coverage because of an existing individual policy (including a LifeWise Individual policy) will be counted against the group's participation requirements.
 - Groups with four (4) or fewer enrolling employees: 100% of eligible employees must participate in the employer/group plan.
 - Groups with five (5) or more enrolling employees: at least 75% of all eligible employees must participate in the employer/group plan. The initial rates provided to a prospect assume 100% participation. Therefore, when a group enrolls with a participation level between 75% and 99%, the premium is subject to an underwriting rating review. For renewing groups, rates will be based on actual participation at the time the renewal is released.
 - Twenty five percent (25%) dependent participation is required.
11. An employer can offer different medical benefit plans by class, based on the following criteria:
- The classes of employees must be clearly defined in the employer's written procedures, subject to review by LifeWise as it pertains to medical and prescription drug coverage.
 - Only two (2) classes are allowed.
 - Each class of employee must have at least three (3) enrolled employees.
 - Dependents must enroll in the same benefit plan as the eligible employee.
12. Prescription drug coverage is required. All LifeWise medical plans include an outpatient prescription drug plan.
13. LifeWise offers 24-hour coverage for members who are owners, sole proprietors, partners or executive officers who are exempt from Worker's Compensation. The LifeWise contract is not in lieu of and does not affect any requirement for coverage by Worker's Compensation insurance for members who are not exempt. 24-hour coverage provides coverage only according to the terms of the LifeWise group contract.
14. LifeWise does not allow an employer to self-insure any of the plan deductible, coinsurance, or copayments. The exception is employers offering an HSA plan. In these situations, provided the employee establishes a health savings account, the employer can fund the account up to the IRS limits, based on the annual employee and/or family deductible.
15. For groups of 2-25 enrolled, this proposal assumes that LifeWise is the sole health plan for the group's health care benefits. No other health plans may be offered. For groups of 26-50 enrolled, LifeWise will share with Kaiser, provided that at least 51% of the employees are enrolled with LifeWise. In addition, a minimum of 10 employees must enroll with LifeWise, subject to underwriting rating review.

Dental

1. LifeWise must be the sole carrier AND only one LifeWise dental plan will be offered to the group.
2. Coverage is available on a freestanding basis or combined with medical.
3. Proposed rates assume common enrollment. Uncommon enrollment is allowed.
4. Final rates will be based on actual enrollment.
5. Non-Voluntary Dental (Classic, Vantage Plus, Preventive Plus and Preventive):
 - The greater of 5 or 50% of all eligible employees must participate in the dental plan.
 - The employer must contribute at least 50% of the premium.
 - A benefit enhancement option is available to dental groups with 5 or more enrolled employees.
 - Orthodontia is available as an option to dental for groups with 26 or more enrolled employees.
6. Voluntary Dental (Charter Plus):
 - The greater of 5 employees or 30% of the eligible employees must participate in the dental plan.
 - The employer may contribute up to 49% of the premium.

To receive additional information about our Underwriting Assumptions and procedures please contact your LifeWise Sales team.