

EMPLOYER ELIGIBILITY

1. The employer must be a current member of Associated Oregon Industries or must be accepted for membership upon enrolling in AOI HealthChoice.
2. AOI members with between two and 99 eligible employees qualify to participate. *If, during the course of the plan year, an employer's enrollment falls below two or exceeds 99 enrolled employees, the employer's coverage will be continued until the end of that plan year, at which time the employer will not be eligible for renewal.*
3. The employer must have two or more **enrolled** eligible employees to participate in the program.
4. *The employer worksite must be located in the state of Oregon. 90% of the employees of this worksite must work in the state of Oregon.*
5. *AOI HealthChoice does not provide coverage for employees who reside outside Oregon, with the exception of residents of Clark, Columbia or Cowlitz counties in Washington State.*
6. AOI HealthChoice requires proof of employment for all employees prior to enrollment, for groups of 2-10 employees. Acceptable forms of documentation include; Schedule SE from the 1040 and W-2's for each employee working 17.5 hours or more per week. Payroll records that clearly confirm that the group is an eligible employer or a Form 132 are also acceptable. If the preferred documentation listed above is not available, then a complete Business Employment Verification Statement will be accepted for review.
7. *Carve-out groups, where health insurance coverage is offered to only one class or segment of employees, are not eligible to enroll.*
8. An employer's participation in AOI HealthChoice will automatically terminate as of the earliest of the following dates:
 - The last day of the coverage month for which all required premiums have been paid, if the employer fails to pay required premiums for the next coverage month by the due date.
 - The last day of the coverage month in which the employer ceases to meet the minimum qualifications for participation in the program.
 - The last day of the coverage month for which AOI membership dues have been paid.
 - The date on which it is determined that the employer has committed fraud or other material misrepresentation with respect to its participation in AOI HealthChoice.
 - If the AOI HealthChoice Trust is terminated, the date of the termination.
 - The Trustees may, at their discretion, waive the above automatic termination provisions pursuant to uniform principles applied generally.
9. An employer may voluntarily terminate participation in AOI HealthChoice by giving written notice to the AOI HealthChoice administrator. If an employer terminates

participation, the employer may not reapply for coverage with AOI HealthChoice for 24 months.

10. *An employer's enrollment in AOI HealthChoice is not approved, and should not assume to be approved, without confirmation from AOI HealthChoice. Every group's application for enrollment will be reviewed for accuracy and completeness, and every employer's eligibility to participate in the program will be verified. The employer's agent will be notified of the result of the review.*
11. The Trustees reserve the right to accept or deny participation in AOI HealthChoice based on the employer's compliance with AOI HealthChoice participation and administrative policies.

PLAN DESIGN/ POLICY POSITIONS

1. Each employer group will have an annual open enrollment period with plan selection/changes effective the first of January or July. Groups initially effective the first of January, February, March, April, May, or June will conduct open enrollment in December with changes effective in January. Groups initially effective July, August, September, October, November, or December will conduct open enrollment in June with changes effective in July.
2. Four-tier composite rating will be provided on all groups with two or more enrolling employees.
3. Coverage for employers with 2-50 eligible employees will be on a guarantee issue basis in accordance with Oregon state law.
4. *For all employer groups with over 50 eligible employees, quote requests must be reviewed and approved by AOI HealthChoice Management, in cooperation with our health plan partners. AOI HealthChoice and its health plan partners reserve the right to decline to quote any employer group with more than 50 eligible employees.*
5. *Quote requests for employers with 50 or more eligible employees may not be processed using the online quoting system.*
6. *An employer's final rates are always based on the actual enrollment census, regardless of prior rate proposals.*
7. *Group enrollment is neither complete nor approved until the agent is notified in writing by AOI HealthChoice Management.*
8. *All employers must submit the Oregon Standardized Group Profile Form with quote requests.*

EMPLOYER CONTRIBUTION/RATES

1. The employer must contribute a minimum of 50% of the single employee cost of the benefit plan selected for the group or an equivalent amount and must indicate proposed contribution on the Employer Group Application.
2. Proposed rates will be adjusted based on final/actual enrollment.

EMPLOYEE PARTICIPATION

1. 100% of the eligible employee population must participate for groups of 2-10 employees. 75% of the eligible employee population must participate for groups of 11 or more employees. This requirement does not include employees who waive

coverage because of coverage under another group plan, including Medicare or Medicaid.

2. 75% of the eligible dependent population must enroll.

3. Participation percentages will be verified at the point of initial enrollment and renewal. AOI HealthChoice reserves the right to review and enforce participation rules.

EMPLOYEE ELIGIBILITY

1. An eligible employee is a permanent employee working at least 17.5 hours per week on a regular basis. Employers may establish a higher requirement for hours worked. Contributions for employees working less than 40 hours cannot be prorated.

2. The employer may set new-hire waiting periods for employee coverage. Coverage is effective on the first day of the month following the waiting period. The options the employer may elect are: first of the month following date of hire, or the first of the month following 30, 60, or 90 days from date of hire. The employer may select varying waiting periods for different classes of eligible employees.

3. Employees must enroll in AOI HealthChoice within 30 days of becoming eligible. If the employee waives coverage, the employee cannot enroll in AOI HealthChoice until the next annual open enrollment period, or the first of the month following loss of coverage under another plan, death of a spouse, divorce, or within 30 days of acquiring a new dependent as a result of marriage, birth, adoption, or placement for adoption.

4. Coverage for terminated employees and/or dependents will cease at the end of the month of termination.

DEPENDENT ELIGIBILITY

1. *Spouse: Includes same-sex or opposite-sex domestic partner. Does not include common law partner or spouse from whom the employee is legally separated.*

2. *Eligible Dependents:*

- *An unmarried child of the employee from birth and extending up to the last day of the month in which that child becomes age 23, for whom the employee provides over half of the total support or who is the subject of a qualified medical child support order requiring the employee to provide health coverage for the child. Proof of compliance with this requirement must be furnished annually.*
- *“Child” means a natural child of the employee, an adopted child of the employee, or a stepchild of the employee during the marriage of the employee and the natural parent, but does not include foster children, wards, or children who are the subject of an Assignment of Parental Rights, even if decreed by a court. “Child” also does not include children of dependents unless the employee is a court-appointed guardian. Provided, however, that a child who is placed with a employee for the purposes of adoption as defined in ORS 743.707(5) shall be considered a dependent of the employee as required by the laws of the State of Oregon. Coverage of any*

dependent child of an employee shall not be terminated by the child's attaining the relevant limiting age if the child is and continues to be Disabled and is not eligible to be covered under any government program except Medicaid. Proof of disability must be furnished annually.

- *“Disabled” means, in the case of an adult person, an individual who by reason of developmental disability, injury or illness is totally unable to perform the usual tasks in the work he/she was performing at the time of the developmental disability, injury or illness and is wholly unable to perform in any physical or mental capacity in his/her current occupation or is wholly unable to engage in the normal activities of a person of the same age and sex. A dependent prior to his/her 23rd birthday will be considered disabled when, by reason of injury or illness, he/she is wholly unable to engage in the normal activities of a person of the same age and sex. The determination of the Medical Director of the health plan regarding the existence of a disability will control.*

3. Dependents become eligible for coverage on the first date of the qualifying event (birth, adoption) if necessary documentation has been submitted. Dependents must be enrolled within 30 days of the following events: marriage, birth, adoption, or placement for adoption. In the case of marriage, the dependent's coverage is effective on the first of the month following the event.

COBRA

1. All members of AOI HealthChoice who have 20 or more employees are subject to the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) is the working title of a federal mandate which provides opportunity for previously insured members who lose their coverage under special circumstances (qualifying events) to continue coverage at their own expense if they are not eligible for coverage under another group plan or Medicare.

2. COBRA administration services are available at no cost to the employer through AOI HealthChoice. Please contact Western Benefits, Inc. at (866-477-5336) for details of AOI HealthChoice COBRA administration services.

IMPORTANT: It is the employer's responsibility to comply with the COBRA notification requirements. This includes notification to the participant of the continuation rights within 14 days of the qualifying event. The employee has 60 days from the date of notification or the date of the qualifying event to inform the employer of the decision to continue coverage. The employer will be responsible for premium collection unless administered by an independent administrator.

PREMIUM INVOICES/PREMIUM PAYMENT

1. When premium payment is due:

- First month's premium is due with initial submission of completed enrollment materials.
- Payment invoice will be sent to the employer on approximately the 10th day of each month for the following month's coverage.
- Premium payment is due on the 26th day of the month preceding the month of coverage.

2. Notification of pending termination will be sent on the 26th day (or next business day) of the month. This notice is provided as a courtesy to the employer. Failure to provide the notice will not affect the termination of the employer's participation.

3. Confirmation of termination will be sent to the employer or employees 10 days after the notification of pending termination is sent. This notification is provided as a courtesy to the employer. Failure to provide the notice will not affect the termination of the employer's participation.

4. If terminated, a one-time reinstatement may be allowed; a reinstatement fee of \$300 will be assessed.

5. AOI HealthChoice will assess a \$30 service fee for non-sufficient funds (NSF) checks.

6. If an employer's participation is terminated for any reason, AOI HealthChoice may take legal or equitable action to collect any unpaid contributions or other amounts owed to it by the employer. AOI HealthChoice is also entitled to recover its full collection costs, including reasonable attorney fees.

NOTE:

For coverage to be effective on the first day of the month, complete enrollment applications and premium must be received by AOI HealthChoice administration by the 21st day of the month prior to the effective date of coverage. Enrollment information received after the 21st will not be accepted without express permission from AOI HealthChoice management.

AOI MEMBERSHIP

1. If an employer is not already a member of Associated Oregon Industries, the employer must apply for AOI membership at the same time as membership in AOI HealthChoice.

2. AOI membership dues must be submitted with the AOI application before the group can be enrolled.

3. An agent must be or become an AOI member upon enrollment of a group.

4. *A lapse of membership for an employer group is grounds for termination from the program; a lapse of membership for an agent will result in withholding of commissions.*

NOTE

The role of AOI HealthChoice is solely to facilitate access to health care coverage, and AOI HealthChoice does not provide or act as a guarantor of insurance coverage or health care benefits or services. All coverage is provided directly by the health plans. Members agree that AOI HealthChoice shall not be responsible for any negligence or malpractice on the part of any health plan or its health care providers or for the failure of any health plan to provide or arrange for the provision of covered services.