

## MICRO GROUP EMPLOYER DOCUMENTATION REQUIREMENTS

**Do not cancel any existing policies** until you receive confirmation of final rates and/or acceptance of the group by Regence BlueShield (Regence). Submission of an application does not constitute acceptance nor guarantee an offer of coverage. We hope the following will help you through the enrollment process.

### **DUE DATE FOR APPLICATIONS**

***No later than 5:00 pm (Pacific Time) on the 15<sup>th</sup> of the month prior*** to the intended effective date of coverage, all required enrollment material and tax documentation **must be received by Regence**. **If it becomes necessary for Regence to obtain additional information, the requested effective date may be delayed or denied.**

### **CERTIFICATION OF ENROLLMENT**

For consideration of coverage as a small group, Regence acts in accordance with the established Revised Code of Washington (RCW) 48.43.005(24) as amended by ESHB 6538 (Sept. 29, 2010):

“Small employer” or “small group” means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that employed an average of at least one, but not more than fifty employees, during the previous calendar year and employed at least one employee on the first day of the plan year, is not formed primarily for purposes of buying health insurance, and in which a bona fide employer-employee relationship exists. In determining the number of employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. A self-employed individual or sole proprietor who is covered as a group of one must also: (a) Have been employed by the same small employer or small group for at least twelve months prior to application for small group coverage, and (b) verify that he or she derived at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year, except a self-employed individual or sole proprietor in an agricultural trade or business, must have derived at least fifty-one percent of his or her income from the trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, for the previous taxable year.

### **ELIGIBILITY REQUIREMENTS**

**Group Eligibility** is based on group size which is determined by the average count of the total number of employees who were on the group’s payroll and those individuals that were employed by an affiliated company during the previous calendar year. A group that was not in business during the previous calendar year would base their group size on the current calendar year with exception of groups of one as noted in RCW 48.43.005. The term “employee” means any individual employed by an employer excluding contracted 1099 individuals. The group must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remain enrolled.

**Employee Eligibility** is based on the minimum hours worked per week as specified by their employer’s Group Contract. Employers cannot set their minimum hourly requirement at less than 20 hours per week. Employees must continuously satisfy the requirements of Group Master Application and Contract in order to become enrolled and remained enrolled.

## MICRO GROUP CHECKLIST

The following information must be provided when submitting a new group for possible enrollment:

- **Washington State Business License** – a current copy.
- **Washington State Master Business Application** – a copy only required for a new business that has not yet been required to file an IRS business tax return such as Form 1065, 1120, 1120S, Schedule C or Schedule F.
- **Tax Documentation** – copies for the previous tax year along with currently filed extension if applicable. Note: for further information please see Micro Group - Tax Documentation.
- **Group Master Application** - all sections require completion (even if group consists of only an owner) with appropriate signatures. Note: any change to the application must be dated and initialed.
- **Application For Enrollment/Change Form** – all sections require completion by each enrolling employee with their signature and the group administrator's signature on the appropriate lines. Note: any change to the form must be dated and initialed.
- **Waiver Form** – all sections require completion by each eligible employee that is waiving coverage under the group plan. Note: any change to the form must be dated and initialed. If the reason for waiving coverage is due to other coverage, please include evidence of coverage which may include a copy of the previous month's billing, insurance ID card or similar proof such as a current Explanation of Benefits (EOB). Enrollment in an individual health plan is not a valid reason to waive group coverage.

**It is not necessary to submit the first month's premium payment with the Group Master Application as Micro Groups must qualify for coverage before being billed.**

## MICRO GROUP TAX DOCUMENTATION

A copy of the current Washington State Business License and copies of appropriate tax documents must accompany the Group Master Application, Application for Enrollment/Change and Waiver Form. For a new business that has not yet been required to file an IRS business tax return such as Form 1040, 1120 or 1120S or Schedule C or F, please submit a copy of the group's Washington State Master Business Application.

**Based on how the group files with the IRS, please supply a copy of each of the necessary forms as listed below for the previous tax year or a copy of the prior year's tax forms along with a copy of the currently filed extension.**

### Sole Proprietorship:

- The most recently filed IRS Form 1040 (the first 2 pages with the preparer's or owner's signature).
- The corresponding Schedule C.
- W-2(s) for any income reported on line 7 of the 1040.
- The two most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### Important notes about Sole Proprietorship:

- An eligible employee must be enrolled as an employee and not as a dependent.
- The spouse of a sole proprietor can be considered an employee if he/she is:
  - deriving W-2 income from the business
  - or is listed on the Schedule C as a joint owner
  - or paid on a regular, periodic basis through the Group's payroll system

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled.

- If the owner is not enrolling then he/she:
  - is exempt from submitting IRS Form 1040 and Schedule C
  - must provide a Waiver Form

The Group must continuously satisfy the participation requirements of the Group Master Application and Contract.

- If income is reported on line 15b of IRS Form 1040, please indicate on the form whether the income is derived from a distribution of an IRA or a rollover to a ROTH IRA (applicable only to groups of one employee).
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

### **Partnership:**

- The most recently filed IRS Form 1065 (4 pages with the preparer's or owner's signature). For groups of one employee we will also need IRS Form 1040 including the Schedule E and W-2's for any spousal income reported on line 7 of the Form 1040.
- The corresponding K-1's for each partner and payroll/draw records for each enrolling partner. Each enrolling partner must meet employee eligibility requirements.
- The two most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### Important notes about Partnership:

- An eligible employee must be enrolled as an employee and not as a dependent.
- The spouse of a partner can be considered an employee if he/she is:
  - deriving W-2 income from the business and is paid on a regular, periodic basis through the Group's payroll system (documentation to this effect will be required)
  - or is a partner filing a K-1

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled
- If all partners are not enrolling then they:
  - are exempt from submitting IRS Form 1065 and K-1's
  - must provide Waiver Form

The Group must continuously satisfy the participation requirements of the Group Master Application and Contract.
- If income is reported on line 15b of IRS Form 1040, please indicate on the form whether the income is derived from a distribution of an IRA or a rollover to a ROTH IRA (applicable only to groups of one employee).
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

### **Corporation:**

- The most recently filed IRS Form 1120 (the first 4 pages with the preparer's or owner's signature) including the Schedule E. For groups of one employee we will also need IRS Form 1040 and W-2's for any income reported on line 7 of the Form 1040.
- The two most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Washington State Employment Security Department Corporate Officer Exemption Form for any corporate officer who is approved by the Employment Security Department to opt out of unemployment insurance.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### **Important notes about Corporation:**

- An eligible employee must be enrolled as an employee and not as a dependent.
- A spouse of an owner/corporate officer can be considered an employee if he/she is:
  - deriving W-2 income from the business and is paid on a regular, periodic basis through the Group's payroll system.

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled.
- If all owners are not enrolling then they:
  - are exempt from submitting IRS Form 1120 including the Schedule E
  - must provide Waiver Form

The Group must continuously satisfy the participation requirements of the Group Master Application and Contract.
- If income is reported on line 15b of IRS Form 1040, please indicate on the form whether the income is derived from a distribution of an IRA or a rollover to a ROTH IRA (applicable only to groups of one employee).
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

### **Subchapter S Corporation:**

- The most recently filed IRS Form 1120S (the first 4 pages with the preparer's or owner's signature). For groups of one employee we will also need IRS Form 1040 including the Schedule E and W-2's for any income reported on line 7 of the Form 1040.
- The corresponding K-1's for each eligibly employed enrolling shareholder.
- The two most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Washington State Employment Security Department Corporate Officer Exemption Form for any corporate officer who is approved by the Employment Security Department to opt out of unemployment insurance.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### Important notes about Subchapter S Corporation:

- An eligible employee must be enrolled as an employee and not as a dependent.
- A spouse of an owner/corporate officer can be considered an employee if he/she is:
  - deriving W-2 income from the business and is paid on a regular, periodic basis through the Group's payroll system

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled
- If all owners are not enrolling then they:
  - are exempt from submitting IRS Form 1120S and K-1's
  - must provide Waiver Form

The Group must continuously satisfy the participation requirements of the Group Master Application and Contract.
- If income is reported on line 15b of IRS Form 1040, please indicate on the form whether the income is derived from a distribution of an IRA or a rollover to a ROTH IRA (applicable only to groups of one employee).
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

### **Non Profit Organization:**

- The two most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### Important notes about Non Profit Organization:

- An eligible employee must be enrolled as an employee and not as a dependent.
- For spouses of the owner who are employed by the business, please see requirements under the appropriate ownership category.
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

### **Religious Organization:**

- The two most recently filed Washington State Employer's Quarterly Report for Industrial Insurance (Worker's Compensation) Form 212-055.
- Verification of Employment (VOE) form listing all employees (whether enrolling or not) plus 3 months of payroll records for the period prior to the effective date of coverage. For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

### Important notes about Religious Organizations:

- An eligible employee must be enrolled as an employee and not as a dependent.
- The spouse of a pastor can only be considered an employee if he/she is:
  - deriving W-2 income from the business on the same footing as any other employee

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled.

**Schedule F Farmer:**

- IRS Form 1040 (the first 2 pages with the preparer's or owner's signature).
- The corresponding Schedule F.
- W-2(s) for any income reported on line 7 of the 1040.
- The four most recently filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208A & B) filed with the Washington State Employment Security Department (where required) and equivalent for any out of state employees. For groups of one employee, we require the four most recently filed 5208 A & B forms. Please indicate any terminated or new employees on the most recent quarter filed.
- Verification of Employment (VOE) form plus 3 months of payroll records for the period prior to the effective date of coverage for the owner and employees whose hours are not reported or whose hours are reported at zero (0) on Form 5208B (or equivalent for any out of state employees). For groups of one employee, we require 12 months of draw/payroll records for the period prior to the coverage effective date.

**Important notes about Schedule F Farmer:**

- An eligible employee must be enrolled as an employee and not as a dependent.
- The spouse of a farmer can be considered an employee if he/she is:
  - deriving W-2 income from the business
  - or is listed on the Schedule F as a joint owner
  - or paid on a regular, periodic basis through the Group's payroll system

He/she must continuously satisfy the requirements of the Group Master Application and Contract in order to become enrolled and remained enrolled.

- If the owner is not enrolling then he/she:
  - are exempt from submitting IRS Form 1040 and Schedule F
  - must provide a Waiver Form

The Group must continuously satisfy the participation requirements of the Group Master Application and Contract.

- If income is reported on line 15b of IRS Form 1040, please indicate on the form whether the income is derived from a distribution of an IRA or a rollover to a ROTH IRA (applicable only to groups of one employee).
- LLC's (Limited Liability Company) may file as a sole proprietor, a partnership or a corporation.

**Group of One Employee:**

A group of one employee is required to have been in business for at least twelve months prior to the effective date of coverage and meet other requirements as defined in RCW 48.43.005. Please see the appropriate ownership category for applicable IRS tax documents.

**New Business (applicable to groups of two or more employees):**

A new business that has not yet filed all the documents as required within their appropriate ownership category may request special consideration for coverage by submitting all of the available documentation along with the following:

- A group that has not been in business long to have filed IRS tax forms (as defined in the appropriate ownership category) must submit the four pages of the Master Business Application filed with the Washington State Department of Licensing.
- A group that has not been in business long to have filed State of Washington Quarterly Tax Reports & Wage Detail Reports (Forms 5208 A & B) as defined in the appropriate ownership category, must submit Verification of Employment (VOE) form plus all payroll records that are available.
- Other documentation that supports that the group is qualified for coverage.

Upon acceptance of coverage by Regence, the group must continuously satisfy the requirements within their appropriate ownership category.

**Regence reserves the right to require documentation deemed necessary to verify that a group is satisfying their contractual obligations on a group of any size, at any time.**

**Once the group has been accepted for coverage, no changes to the contract can be made. The subsequent renewal (one-year) will be the first opportunity to make any change(s).**

**Should you have any questions regarding the above, please contact your Producer or your Regence Sales Representative.**