

MICRO GROUP EMPLOYER DOCUMENTATION

Thank you for having chosen Regence BlueShield for your company's healthcare needs.

Do not cancel any existing policies until you receive confirmation of final rates and/or acceptance of the group by Regence BlueShield. 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 the **15th of the month** prior to the intended effective date, all required enrollment and tax documentation **must be received in the Seattle office** of Regence BlueShield. Should the 15th of the month fall on a weekend, all forms must be received the Friday before the 15th. **If it becomes necessary for Regence to obtain additional information, the requested effective date will be delayed or denied.**

ELIGIBILITY

Regence BlueShield has established the following eligibility requirements in accordance with the Revised Code of Washington (RCW) 48.43.005 as amended by ESHB 2460.

A small group may NOT be formed primarily for the purposes of buying insurance and MUST be one in which a legitimate employer-employee relationship exists.

“Small Employer” means any person, firm, corporation, partnership, association, political subdivision or sole proprietor or self-employed individual which is actively engaged in business, and where:

- On at least fifty (50%) percent of its working days during the proceeding calendar quarter, employed at least two (2) but no more than fifty (50) eligible employees.
- The majority of employees (at least 51%) are employed within the state of Washington.
- The employer maintains a normal workweek of twenty (20) or more hours.
- A self-employed individual, or sole proprietor must derive at least seventy-five percent (75%) of his or her adjusted gross income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate IRS form(s) for the previous year.
- A self-employed individual or sole proprietor in an agricultural trade or business must derive at least fifty-one percent (51%) of his or her adjusted gross income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate IRS form(s) for the previous year.

TAX DOCUMENTATION

The **appropriate tax documents must accompany the group application along with a copy of a current Washington State business license.** Please supply the necessary forms as listed below for the ***previous tax year, or a copy of the prior year's taxes along with a copy of a currently filed extension.*** Based upon how the group files with the IRS, the following documentation must be supplied with the application:

Sole Proprietorship *:

- Form 1040 (the first 2 pages with a preparer's or owner's signature).
- The corresponding Schedule C.
- W-2(s) for any income reported on line 7 of the 1040.
- If the group has additional employees who are enrolling, the most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees.

A spouse can only be considered an employee if they are deriving W-2 income from the business, listed on the tax forms as a joint owner or taking consistent and regular draws from the company (documentation to this effect will be required). They must also work the required number of hours as specified on the Group Master Application, and be listed on the most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department.

Partnership:

- The most recently filed IRS form 1040 (the first 2 pages with a preparer's or owner's signature) ***for each enrolling partner.***
- W-2(s) for any income reported on line 7 of the 1040 ***for each enrolling partner.***
- The most recently filed IRS form 1065 (4 pages with a preparer's or owners signature).
- The corresponding K-1's ***for each enrolling partner.***

Corporation:

- The most recently filed IRS form 1120 (the first 4 pages with a preparer's or owner's signature).
- The most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees. **Note:** If all employees are corporate officers, a group may not have filed this form.

Subchapter S Corporation:

- The most recently filed IRS form 1120S (the first 4 pages with a preparer's or owner's signature).
- The corresponding K-1's ***for each enrolling shareholder.***
- The most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees. **Note:** If all employees are corporate officers, a group may not have filed this form.

Non Profit Organizations:

- The most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees.

Religious Organizations:

- The most recently filed Washington State Employer's Quarterly Report for Industrial Insurance form # 212-055.

Groups Enrolling Employees Only and Owner is Waiving For Other Coverage:

- The most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees.

Farmer:

- Form 1040 (the first 2 pages with a preparer's or owner's signature).
- The corresponding Schedule F.
- W-2(s) for any income reported on line 7 of the 1040.

Participating Providers:

- The most recently filed State of Washington Quarterly Tax Report Form 5208 A & B filed with the Washington State Employment Security Department. Please indicate any terminated or new employees.

NOTES

***Sole Proprietorships** The federal tax code defines a sole proprietorship to be a business owned by one person.

For IRS purposes – “Can a husband and wife run a business as a sole proprietor or do they need to be a partnership?”

It is possible for either the husband or the wife to be the owner of the sole proprietor business. The other person could work in the business as an employee. If the spouses intend to carry on the business together and share in the profits and losses, then they have formed a partnership”. (Please refer to partnership requirements.)

Employees must be listed as an employee and not as a spouse.

IRA's if income is being reported on line 15b of a 1040 please indicate the type of IRA transaction, distribution or rollover to a ROTH IRA.

LLC's sole proprietors, partnerships and corporations may all file as a Limited Liability entity.

For IRS purposes – “How do I classify a limited liability company? Is it a partnership or a corporation?”

A limited liability company (LLC) is an entity formed under state law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts. An LLC may be classified for Federal income tax purposes as a sole proprietorship (referred to as an entity to be disregarded as separate from its owner), partnership or a corporation. If the LLC has only one owner, it will automatically be considered to be a sole proprietorship (referred to as an entity to be disregarded as separate from its owner), unless an election is made to be treated as a corporation. If the LLC has two or more owners, it will automatically be considered to be a partnership unless an election is made to be treated as a corporation. If the LLC does not elect its classification, a default classification of partnership (multi-member LLC) or sole proprietorship (single member LLC) will apply.

Underwriting management reserves the right to require IRS FORMS or ANY OTHER FORMS OF DOCUMENTATION deemed necessary on groups of any size, at any time.

CHECKLIST

The following information must be provided on the applicable Regence BlueShield, IRS or state forms when submitting a new group for possible enrollment:

- ❑ **Appropriate tax documentation with a copy of a current Washington State business license.**
- ❑ **Group Master Application** - Be certain to complete all sections with appropriate signatures. Even if the group consists of only an owner, please answer all questions with the potential of additional employees in mind.
- ❑ **Benefit Selection Insert** – Indicate all benefits being requested and include a group administrator’s signature.
- ❑ **Employee Enrollment and Change Form** – One needs to be completed by each enrolling employee. Please complete all sections and have the employee and a group administrator sign on the appropriate lines.
- ❑ **Waiver** – One needs to be completed for each eligible employee that is waiving coverage under the group plan. A photocopy of the waiving employee’s medical ID card must be attached to the waiver. **NOTE: having existing individual coverage is not a valid reason to waive group coverage.**

It is not necessary to submit the first month’s premium payment with the application, as Micro Groups must qualify for coverage before being billed.

No changes to the contract can be made once the group has been accepted. The renewal (one-year) will be the first opportunity to make a change.

Should you have any questions regarding the above, please contact your agent or Regence BlueShield, and thank you for selecting Regence BlueShield for your healthcare provider.