



## Important updates to our Pennsylvania Small Group eligibility guidelines

### **This briefing is applicable to all brokers writing Pennsylvania based employers**

We have updated our eligibility guidelines as it relates to sole proprietors, owners, partners, W-2 employees and husband / wife groups for 2014. These updates have been made to maintain compliance with state and federal requirements. Please review the updates we have outlined below. We thank you for your continued collaboration.

The following applies to Small Group Pennsylvania new business and renewals:

- The definition of an employer is now one W-2 common law employee. This accommodates an owner with at least one **"enrolling"** W-2 common law employee who is not a spouse and not an owner.
- Sole proprietors, owners of "S" corporations, partners in a partnership, and corporations qualify for coverage if there is at least one **"enrolling"** W-2 employee other than the owner(s) or spouse(s).
- Husband and wife groups are not eligible based on the federal definition of a group. To be considered a group health plan; there must be at least one enrolling W-2 employee other than the owner and the spouse. The spouse of the owner is not considered an employee, even if paid as a W-2 employee. The owner and spouse are both considered to be owners and are eligible for individual coverage.
- The group must meet the Pennsylvania participation guidelines.
  - 2 to 4 eligible employees – 100% of eligible employees must participate, excluding valid waivers.
  - 5 to 50 eligible employees – 75% of the eligible employees must participate, excluding valid waivers, rounding down.

This table provides examples of Small Group businesses and the eligibility rules for our products.

| <b>Examples</b>  |   |
|--|---|
| <b>LLC</b><br>Father and son<br>No W-2 EEs   | Not eligible  |
| <b>Sole Proprietor, Corporation or LLC</b><br>1 owner<br>1 enrolling W-2 EE  | Eligible  |
| <b>LLC</b><br>1 owner<br>3 eligible W-2 EEs<br>1 W-2 EE is the spouse<br>Owner and spouse are the only 2 enrolling<br>2 others waiving | Not Eligible since no W-2 EEs is enrolling who are not the owner and not the spouse |
| <b>Corporation</b><br>1 owner enrolling<br>1 W-2 (non-spouse) ENROLLING<br>2 W-2 EE waiving with valid waivers                         | Eligible  |

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