

Health Connector for Business Policy: Employer Group Eligibility and Verification

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Approved by: Andrew Egan	Date reviewed: 9/22/2021

This policy applies to all small group health and dental products.

Only an eligible employer group is permitted to participate in Health Connector for Business small group products. It is the responsibility of the employer group to ensure and attest that all employee and dependent information is correctly submitted on the census and that the employer complies with the eligibility requirements of this policy.

Qualified Health Plan (QHP) Eligible Employer Group

An eligible employer group is one that meets all of the following criteria:

1. Is a small employer, employing one (1) to no more than fifty (50) eligible employees, calculated according to the following rules:
 - a. The number of eligible employees is the sum of:
 - i. All full-time employees, defined as an employee who works on average at least thirty (30) hours per week in any month, and
 - ii. The total number of hours worked by part time employees in a month divided by one hundred and twenty (120).
 - b. An eligible employee *does not* include the following: individuals who are employed in a small businesses, whether incorporated or unincorporated, that is wholly owned by them or their spouses; sole proprietors and their spouses; partners in a partnership and their spouses; shareholders who own 2% or more of an S corporation; temporary workers; substitutes; independent contractors; leased employees; and seasonal employees working fewer than one hundred twenty (120) days in a calendar year.
 - c. In the case of an employer that was not in existence throughout the preceding calendar year, the determination of whether the employer is a small employer is based on the average number of employees that it is reasonably expected to employ on business days in the current calendar year.
 - d. Different employer sites will be considered one employer for the purposes of determining employer size and eligibility to participate in small group according to subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.
 - e. Employers that participate in the small group program(s) because they are, by definition, small employers, but then grow to be larger than the definition of a small employer will be allowed to continue to participate provided such employer is otherwise an eligible employer.

2. Is actively engaged in business;
3. Elects to offer, at a minimum, all full-time employees, defined as an employee who works on average at least thirty (30) hours per week in any month, coverage in a small group product through the Health Connector for Business;
4. Either:
 - a. Has its principal business address in Massachusetts; or
 - b. Offers coverage to each eligible employee through the small business marketplace serving that employee's primary worksite;
5. Satisfies the Health Connector for Business employer contribution and participation requirements;¹ and
6. All prospective enrollees are eligible employees² or COBRA/Mini-COBRA qualified beneficiaries.³

Notes and Exclusions

For the purpose of determining the number of employees only, a business shall be considered to be one employer group if:

1. It is eligible to file a combined tax return for purpose of state taxation; or
2. Its companies are affiliated companies through the same corporate parent.

A small business without any eligible employees is not an eligible employer group. For example, a small business that does not employ any employees other than the owner of the small business or the owner's spouse is not an eligible employer group.

During the annual small group open enrollment period, a small group that would be eligible to participate but for the inability to satisfy the minimum contribution and minimum participation requirements, will be considered as eligible without having to satisfy these requirements.

Qualified Dental Plan (QDP) Eligible Employer Group

In order to purchase a QDP, an employer group must meet QHP eligibility and participation requirements. Eligible employer groups may not offer a QDP without offering a QHP also.

Eligibility Review

Prior to submitting their employer application, employer groups must provide the Health Connector for Business with documentation to confirm the eligibility of the employer group. The list of acceptable documentation for established and recently started businesses is listed below.

The Health Connector for Business will conduct a review of each employer group upon submission of its application to ensure that it meets the eligibility requirements. Specifically, the Health Connector for Business will verify that:

1. The employer group is actively engaged in business;
2. The employer group has a business location in Massachusetts;
3. The employer's census contains only eligible employees and/or COBRA/mini-COBRA eligible individuals; and
4. All full-time employees are offered coverage.

Acceptable documentation for established businesses

An established business, defined as a business that has operated for more than six (6) months prior to the date of application, must provide one (1) of the following documents no later than five (5) business days prior to the effective date:

1. For a group of one (1):
 - a. Massachusetts Quarterly Employment and Wage Detail Report from QUEST;
 - b. Schedule K (for partnerships);
 - c. Schedule C/Schedule C-EZ (profit or loss from business); or
 - d. Schedule SE (1-ES).
2. For a group of two (2) through (50):
 - a. Massachusetts Quarterly Employment and Wage Detail Report from QUEST; or
 - b. Third party payroll records with FICA withholdings.

Acceptable documentation for recently started businesses

A recently started business, defined as a business that has operated for fewer than six (6) months prior to the date of application, must:

1. Provide a signed wage report waiver form no later than five (5) business days prior to the effective date; and
2. For a group of one (1) employee, provide a signed wage report waiver form and one (1) of the following:
 - Declaration pages of commercial insurance products (property, casualty, or worker's compensation);
 - A bank reference (i.e., verification that the small business has a line of credit);
 - A report from a credit rating agency; or
 - A business license for a sub-contractor (victualer, plumbing, etc.,) accompanied by a letter from a contracting agency verifying it is in a working relationship with the sub-contractor.
3. For a group of two (2) through fifty (50) employees, provide a signed wage report waiver form and one (1) of the following:
 - Declaration pages of commercial insurance products (property, casualty, or worker's compensation);
 - A bank reference (i.e., verification that the small business has a line of credit);
 - A report from a credit rating agency; or
 - A business license for a sub-contractor (victualer, plumbing, etc.,) accompanied by a letter from a contracting agency verifying it is in a working relationship with the sub-contractor.

For an established or recently started business, if the Health Connector for Business deems the submitted document(s) to be unacceptable, the Health Connector for Business will make a reasonable effort to identify and address the causes of such unacceptability, including through typographical or other clerical errors, by contacting the employer group.

If the Health Connector for Business is unable to contact the employer group or continues to deem the document(s) to be unacceptable prior to the coverage effective date, the Health Connector for Business will notify the employer group of its ineligibility and the employer group will not be enrolled for coverage on that effective date.

If the Health Connector for Business is unable to contact the employer group or continues to deem the document(s) to be unacceptable after the coverage effective date, the Health Connector for Business will notify the employer group of its ineligibility and the employer group's coverage will be terminated effective on the last day of the month after the month in which the denial notification is provided.

Eligibility Auditing

The Health Connector for Business, at its discretion and with reasonable notice, may conduct an audit of eligibility for any employer group at any other time that the Health Connector for Business determines it reasonably necessary to verify employer group eligibility.

An issuer, upon reasonable cause, may audit the eligibility of any employer group enrolled in one of its plans through the Health Connector for Business by either:

1. Requesting access to the employer group eligibility information available to the Health Connector for Business; or
2. Auditing the employer group directly.

The Health Connector for Business is solely responsible for any eligibility determinations, and associated impacts on enrollments, resulting from any audits, whether conducted by the Health Connector for Business or an issuer.

¹Please reference the policy HCB-7: [Employer Contribution and Participation Requirements](#)

²Please reference the policy HCB-2: [Employee Eligibility and Verification](#)

³Please reference the policy HCB-6: [Consolidated Omnibus Budget Reconciliation Act \(COBRA\)/Mini-COBRA](#)