



# TIPS for Submitting New Regulated Small Groups (groups with 2-50 eligible employees)

Blue Cross and Blue Shield of Texas is committed to providing excellent service. The following information provides tips we believe you will find helpful as you prepare to submit enrollment information for new small groups.

## Qualifying the candidate

1. Is the business a candidate for small employer group coverage?

Use this formula to determine if a business is a candidate for small employer group coverage:

Count the total employees on the payroll

- + New hires
- Part-time employees (work less than 30 hours per week)
- Seasonal employees
- Temporary employees
- Employees with other group coverage (do not subtract those who have an individual health policy)
- Terminated employees

= Result

A result of 2 to 50 indicates the business is a candidate for small employer group coverage.

**Note:** If the result is greater than 51, the group may not qualify for small group coverage. Please contact us at (800) 399-5831 to discuss other coverage options.

2. Will the required number of eligible employees enroll in the small group coverage plan?

At least 75 percent of eligible employees are required to enroll in the small group coverage plan. Use the following formula to determine if the participation requirement will be met:

Count the total employees on the payroll

- + New hires
- Part-time employees
- Seasonal employees
- Temporary employees
- Employees declining due to having other group coverage
- Terminated employees
- Employees serving an eligibility waiting period

= Result

Result multiplied by .75 equals the number of employees who must enroll. Report this as a whole number and round down.

### Example 1:

75 Total employees on payroll  
+ 2 New hires (not yet on payroll)  
- 30 Part-time employees  
- 0 Seasonal employees  
- 0 Temporary employees  
- 1 Employees with other group coverage  
- 2 Recently terminated employees  
= 44

The result of 44 is between 2 and 50 so the business is a candidate for small employer group coverage.

### Example 2:

75 Total employees on payroll  
+ 2 New hires (not yet on payroll)  
- 30 Part-time employees  
- 0 Seasonal employees  
- 0 Temporary employees  
- 1 Employee declining due to having other group coverage  
- 2 Recently terminated employees  
- 6 Employees serving an eligibility waiting period  
= 38  
38 multiplied by .75 = 28.50

28 is the minimum number of employees who must enroll in the small employer group health plan.



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## Submitting documentation

Submitting documentation is an important step in the enrollment process. It is very important that all items are completed. Submitting incomplete documentation results in processing delays, and can result in members not receiving identification cards as quickly as possible. **Please screen all documents to ensure they are complete prior to submitting them to BCBSTX.** Here are some additional tips:



### 1. Small Group Employer Application (SGEA)

- Each field must be completed.
- Page 1 asks for the legal name of the company. The legal company name provided on this document should be consistent with the company name on all other documentation provided. An *Assumed Name Certificate* is needed if the company name on **proof of business** documentation does not match the legal company name provided on page 1 of the **Small Group Employer Application**.
- Question #8 (page 2) and question #4 on the **Medicare Secondary Payer** form address the total number of employees. Please ensure these two responses are consistent with each other.
- Please ensure choice of network (page 3) matches the plan selected on the **Signed Small Group Proposal**.
- Medical questionnaire (page 5) must be initiated by the group executive and agent.
- An employer group executive may be aware of the group having an ERISA Plan Year that is different from their requested health care contract effective date. If that is the case, please indicate the ERISA Plan Year at the bottom of page 6.

### TIPS

### 2. Employee Enrollment Applications

- Each field must be completed. Agents should review Employee Applications and obtain any missing information prior to submitting them to BCBSTX.
- Verify section 3 is completed correctly if applying for dual plans.
- Check sections 3, 4 & 10 for consistency.
- Verify PPO network matches network selection on the **Employer Application and Signed Small Group Proposal**.
- All fields in section 6 must be completed to receive credit for prior coverage.
- Ensure section 10 (Reason for Declining) is completed when appropriate.
- When applicable, two forms are needed: **Continuation of Coverage - COBRA Application** and the routine **Employee Group Enrollment Application**.

### 3. Signed Small Group Proposal

To further explain what is meant by Signed Small Group Proposal, please submit the page from the proposal that the Group Administrator signs, dates and indicates the plan(s) selected.

#### 4. Proof of Business

Examples of acceptable forms of proof of business:

- Most current *Texas Wage & Tax Report* including cover page (commonly referred to as *TWC*)  
OR
- All pages of *Articles of Incorporation* filed with the state  
OR
- All pages of *Articles of Organization* filed with the state  
OR
- All pages of *Certificate of Organization* filed with the state  
OR
- All pages of *Certificate of Limited Partnership* filed with the state  
OR
- All pages of *Limited Liability Company* organizational documents filed with the state

Other documents may be accepted for proof of business. Those listed here are examples of commonly used proof of business documentation. If you have questions concerning the documentation that you have, please contact us at (800) 399-5831 to discuss.

#### 5. Proof of Wages and Texas Supplemental Employee Verification Form

Examples of acceptable forms of proof of wages:

- If providing a current *Wage & Tax Report* (commonly referred to as *TWC*) it demonstrates proof of wages. Employees who are not on the *Wage & Tax Report* should be listed on the **Texas Supplemental Employee Verification Form**.  
OR
- *Payroll Reports*. (must show number of employees for each month in the prior quarter—need 3 months)  
OR
- *W-2s* on existing employees and *W-4s* on new hires. (Boxes 8 and 10 on each *W-4* are needed)
- *1099 Forms* are an acceptable proof of wages for contract employees.

Other documents may be accepted for proof of wages. Those listed here are examples of commonly used proof of wages documentation. If you have questions concerning the documentation that you have, please contact us at (800) 399-5831 to discuss.

#### 6. Medicare Secondary Payer Form

- Each field must be completed.
- Question #4 on this form and question #8 on the **Small Group Employer Application** address the total number of employees. Please ensure these two responses are consistent with each other.

#### 7. Ensure Group Meets 75 Percent Participation Requirement

- On any employee listing (for example *Wage & Tax report*) please indicate employees that are part-time, seasonal and/or terminated.

#### 8. Premium Payment Check

- A check from the small employer group business should be made payable to Blue Cross and Blue Shield of Texas, or BCBSTX, for the health/dental premium. When life coverage is purchased, a separate check for the premium payment should be made out to Fort Dearborn Life, or FDL.
- Temporary checks are not preferred but will be accepted if necessary.
- Please provide an explanation if the company's address on the check is out of state.



#### TIPS

#### Questions?

Contact us at (800) 399-5831.



## 9. Proxy

- This is a form letter found on our Web site that is completed by employers so that the Health Care Service Corporation Board of Directors can act on the member's behalf at board meetings.

## Sole Proprietorship

A Sole Proprietorship has one owner. If the spouse of the owner is an employee, proof of wages is needed for the spouse and the spouse would not be listed as an owner on the following documents.

One form of proof of business is needed. Examples of acceptable forms are:

- Most current *Wage & Tax Report*, including cover page (commonly referred to as *TWVC*)  
OR
- *Profit or Loss from Business* (IRS Form-Schedule C)  
OR
- *Net Profit From Business* (IRS Form-Schedule C-EZ)  
OR
- *Self Employment Tax Schedule SE* (IRS Form-Schedule SE)
- One form of proof of wages is needed.

## TIPS

## Preferred Employer Organization (PEO)

- The PEO/Staff Leasing Company must be licensed in the state of Texas.
- Client group (employer) must be able to verify employees for their group. The Wage & Tax Report or W-4s and W-2s should include the name of the client group applying for coverage.
- If Wage & Tax Report, W-2s or W-4s are not available, a copy of billing to the client group identifying employees must accompany the paperwork. This billing must identify the client group. The "client agreement" must support the information we are being provided.
- Decision-maker cannot be the PEO. The contract and signature must be with the owner or decision-maker of the client group.
- Medical information must come from the client group, not the PEO.
- Need copy of PEO/Staff Leasing Company contract showing the group to be insured as the client group.
- One form of proof of wages is needed.

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