

Section III – Status of Employees Eligible for Health Insurance

Your certification cannot be completed if you do not submit the following supporting documentation with the renewal certification form. If you have any questions on the required documentation, one of our Recertification Specialists would be pleased to assist you. Please call (401) 459-5528 between 8:00 a.m. and 4:30 p.m., Monday through Friday. Please see enclosed Bulletin 2002-5 from the Rhode Island Department of Business Regulation, which further explains the necessity of this information.

A. Supporting documentation*

You must document that every individual meets the requirements of an "eligible employee," including owners of the group. (The definition of an eligible employee can be found in Appendix One.) In general, payroll will provide this information.

All wage information may be blacked out for confidentiality purposes.

*Listed below are acceptable forms of supporting documentation. Please provide a copy of all forms that apply to your specific business.

1. Most recent Schedule C, Schedule K1, or 1120S Schedule K for all owners of each business;
2. Most recent payroll report from a third-party payroll processing company.
3. Most recent Quarterly Tax and Wage Report;
4. 1099s for any employee who fits the definition of an eligible employee, but does not appear on any document listed above;
5. In addition, you also need to supply a W-4 form for any new hire not appearing on the tax documentation (You must indicate their hire date on the form.).

Please note: Any payroll documentation submitted should contain the eligibility status for each employee as follows:

E - Enrolled

W – Waiver

PT – Part-time

S – Seasonal

T – Terminated

Temp – Temporary

P - Fulfilling probationary period. Please note date of hire.

COBRA - For groups with 20 or more employees, please note start date of COBRA.

B. Waivers

Please provide a waiver form for any eligible employee or his or her eligible dependent who is not currently enrolled on the group plan (copy of waiver form attached).

Appendix One – Definitions

1. Eligible Employee

"Eligible employee" generally means an employee who works on a full-time basis with a normal workweek of thirty (30) or more hours. At your sole discretion, "eligible employee" can include all full-time employees who work a normal workweek anywhere between 17.5 and 30 hours, as long as you apply the same eligibility criteria to all employees and without regard to any health status related factor.

The term "eligible employee" may include a self-employed individual, a sole proprietor, a partner in a partnership, or an independent contractor if any of those individuals are included as employees under your health benefit plan.

The term "eligible employee" does not include temporary employees, substitute employees, or employees who work less than seventeen and one-half (17.5) hours per week. Any retiree under contract with any independently incorporated fire district is also included in the definition of eligible employee.

2. Small Employer

"Small employer" means any person, firm, corporation, partnership, association, political subdivision, or self-employed individual who is actively engaged in business, including, but not limited to, a business or a corporation organized under the Rhode Island Non-Profit Corporation Act, Chapter 6 of Title 7, or a similar act of another state that, on at least fifty percent (50%) of its working days during the preceding calendar quarter, employed no more than fifty (50) eligible employees, with a normal workweek of thirty (30) or more hours, the majority of whom were employed within this state, and is not formed primarily for purposes of buying health insurance and in which a bona fide employee-employer relationship exists. In determining the number of eligible 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 one employer.

3. Medicare as Secondary Payor(MSP)

Medicare is a secondary payor to Group Health Plans (GHP) for the "working aged" where either:

- a) A single employer of 20 or more employees is the sponsor of the GHP or is a contributor to the GHP.
or
- b) Two or more employers are sponsors or contributors, and at least one of them has 20 or more employees.

The "20 or more employees" threshold is met whenever an employer has 20 or more full- and/or part-time employees for 20 or more calendar weeks in the current calendar year or in the preceding calendar year. The "20 or more employees" threshold is not limited to employees who enroll in the plan. "Employee" means an individual who is working for the employer. It also includes an individual who is not working for the employer, but is receiving payments from the employer that are subject to FICA, or would be if the employer were not exempt from those taxes. Leased employees are treated as "employees" of the person who leases them for purposes of the 20-employee threshold, if: (a) the services are provided pursuant to an agreement between the recipient and any other person; (b) the leased employee has performed such services for the employer (or for the employer and related persons) on a substantially full-time basis for a period of at least 1 year; and (c) such services are performed under primary direction or control by the employer.