

SMALL GROUP

Broker underwriting guidelines

Released October 2023



This information is designed to assist with your field underwriting and serve as an easy reference resource. It is strictly for your use.

Please do not share with clients. Underwriting guidelines must be applied uniformly in order to comply with state and federal laws, Department of Insurance filings, and with company practices and policies.

Generate small business quotes instantly with our online quote tool available 24/7 at ga.kpquote.com. You can upload your census and retrieve quotes for future modification saving you valuable time. **You may also forward a census by fax to 1-888-437-2969 or email to brokerquotes.ga@kp.com**

Table of Contents

Group Eligibility	Page 3-4
Requirements/Procedures	Page 3-4
Participation	Page 4
Contribution	Page 5
 Employee Eligibility	 Page 5
 1099 Employees	 Page 5
 General Information	 Page 5-6
 Renewal Audit	 Page 7-8

Group Eligibility

Kaiser Permanente reserves the right to request additional documentation.

Requirements/Procedures

- An employer must meet the applicable definition of a small employer, as defined under federal and state law. During the preceding calendar year, the employer must have employed on average at least one but not more than 50 full-time equivalent (FTE) employees and must employ at least one on the first day of the plan year. Retirees, COBRA/State continuation enrollees, and independent contractors (1099) should be excluded from the calculation.
- In determining the number of eligible employees, companies that are affiliated, subsidiaries, or eligible to file a combined tax return will be considered one group, regardless of which companies will actually be offered coverage.
- An employer group must employ at least one full-time common law W-2 employee to be an eligible group.

A full-time common law W-2 employee:

- must have a normal work week averaging minimum 30 hours per week over the course of a month
- is subjected to withholdings on a W-2 form
- does not include a sole proprietor, partners, or their spouse or domestic partner
- A bona fide employer-employee relationship must exist, and the group must not be formed primarily to purchase health insurance.
- The employer must maintain a principal business address (i.e. physical business location) within the geographic boundaries of Kaiser Permanente's Georgia service area.
- The group must have a valid business license within the state of Georgia, or active/compliant status on the Georgia Secretary of State website.
- All employees must be covered by Workers' Compensation, unless not required by law.

- Group eligibility may be re-certified for small groups annually, prior to renewal date.
- Excluding employee-based classes prohibited: Groups must offer all employees who meet the group's hourly eligibility requirements. The employer cannot offer coverage to only certain employment-based classes, excluding others.
- Different plans by employment class: Groups may choose to offer different benefit plans to different employment-based classes when based on bona fide employment-based classifications that are consistent with the employer's usual business practice. The categories may not relate to the actual or expected health status of the employees or their dependents.
- Kaiser Permanente allows small employer groups to offer dual carrier coverage along side Kaiser Permanente. However, there must be at least 1 employee enrolled on the Kaiser Permanente plan.
- Groups contracted with Professional Employer Organizations (PEO) may be considered for Small Group coverage. In order to qualify, the following requirements must be met:
 - Premium must come from the group, not the PEO.
 - The contract and all other documents must be in the name of the group and signed by a principal of the group.

Participation

- At least 50 percent of eligible employees must enroll in the plan, and be continuously maintained for all group sizes.
- Employees with other qualifying coverage are excluded from the participation calculation. Examples of qualifying coverage:
 - Military coverage
 - Medicare Primary (A and B)
 - Group coverage through spouse
 - Individual coverage on and off exchange

Contribution

The employer must contribute a minimum of 50 percent of the employee's premium for the lowest-priced Kaiser Permanente plan offered by the employer.

Employee Eligibility

- Employees must work for the employer or be on paid leave through the employer for 30 or more hours per week, and earning minimum required federal wages.
- Employees must live or physically work 50 percent of their work week inside the Georgia service area.
- Out of area employees who do not live or physically work inside the Georgia service area will be offered an Out of Area PPO plan.
- Owners/Partners must work full time (30 or more hours per week) in the business to be eligible to enroll for coverage.

1099 Employees

Employers may offer coverage to 1099 employees. In order for 1099 employees to be eligible, they must represent no more than 50% of the total number of enrolling employees, excluding the owner. If an employer offers coverage to 1099 employees, they must complete the 1099 Validation Form.

General Information

- All groups qualifying as small employers will be issued coverage on a guarantee acceptance basis in accordance with state and federal laws. Fraud or material misrepresentation may result in rescission or termination of coverage.

- Affordable Care Act (ACA) now prohibits the benefit waiting period for future full time employees to exceed 90 days. Responsibility for complying with this rule rests solely with the employer group.
- Existing coverage should not be terminated until the group receives written acceptance from Kaiser Permanente.
- We will make every effort to honor the requested effective date, provided all materials are properly completed on or prior to that date.
- Kaiser Permanente reserves the right to adjust rates based on final enrolled demographics of an accepted group.
- The initial premium guarantee is 12 months. All premium adjustments will take place on the group's anniversary date.
- Rates will be based on the ages of the employee, spouse, all children over age 21, and the oldest three children in a family under age 21. Any other children will be excluded from the rate calculation.
- Employer agrees to offer Kaiser Permanente to all eligible employees during open enrollment and to all new-hire employees post open enrollment.

Renewal Audit

- One or more of the following may be required, if the group is audited. This may include proof of employees waiving coverage documentation.
- The group must have a business license or registered on the Georgia Secretary of State website.
- Employer may be required to submit a State Quarterly Tax and Wage Report.
- If a State Quarterly Tax and Wage Report has not been filed, the company's 2 most recent weeks of professional payroll reports, with YTD tax deductions and hours worked, can be submitted. If you're a new business and don't have payroll, please complete our Payroll Attestation form.
- Churches or not-for-profit organizations may be asked to submit Form 941 or 501c with current back-up payroll reports for the corresponding quarter, with YTD tax deductions and hours worked.
- Other acceptable tax documentation may be considered on a case by case basis.

Type of Business	Required to Validate Business Ownership
Partner <ul style="list-style-type: none"> Partnership Limited Liability Partnership 	<ul style="list-style-type: none"> IRS Form 1065 Schedule K-1 IRS Form 1120 S Schedule K-1 with Schedule E (Form 1040) Partnership agreement if established within most recent two-year period
Corporate officer <ul style="list-style-type: none"> Limited Liability Co. (operating as a C-Corp) C Corporation Personal Service Corp S Corporation 	<ul style="list-style-type: none"> IRS Form 1120 S Schedule K-1 with Schedule E IRS Form 1120 W (C-Corp and personal service corporation) 1040 ES (Estimated Tax) (S corporation) IRS Form 8832 (Entity classification as a corporation) W-2 IRS Form 1120 S with Schedule K-1
Non-profit and tax-exempt corporations <ul style="list-style-type: none"> 501(c)(3); (4); (5) and (6) 	<ul style="list-style-type: none"> Form 990
Church groups and religious entities <ul style="list-style-type: none"> 501 Series Entities 	<ul style="list-style-type: none"> Form 8274 with copy of EIN Certificate and Payroll Documents
Farms and farming entities <ul style="list-style-type: none"> Crop, diary, and agra-service entities 	<ul style="list-style-type: none"> Schedule F with Payroll Documents
Sole Proprietor <ul style="list-style-type: none"> Franchise Limited Liability Company 	<ul style="list-style-type: none"> IRS Form 1040 with Schedule C, SE, F, or K1