



# TIPS for Submitting New Regulated Small Groups

(groups with 2–50 eligible employees)

Blue Cross and Blue Shield of Texas (BCBSTX) is committed to providing excellent service. These tips should be 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 number of employees on the payroll

- + New hires (not yet on payroll)
- 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

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- = Result

A result **between two and 50** indicates the business is a candidate for small employer group coverage.

**Note:** If the result is greater than 50, then the group may not qualify for small group coverage. Please call **800-399-5831** to discuss other coverage options.

#### 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 Employee with other group coverage
- 2 Recently terminated employees

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- = 44

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

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

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

#### Count the total number of employees on the payroll

- + New hires (not yet on payroll)
- Part-time employees
- Seasonal employees
- Temporary employees
- Employees declining because they have other group coverage
- Terminated employees
- Employees serving an eligibility waiting period

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- = Result

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

#### 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

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- = 38

38 multiplied by .75 = 28.50

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



## Submitting documentation

Submitting documentation is an important step in the enrollment process. It is very important that all items be 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 that they are complete before submitting them to BCBSTX.** Here are some additional tips:



### To Do

#### 1. Small Employer Benefit Program Application (BPA)

- Each field must be completed.
- The BPA and the Medicare Secondary Payer Form included with it have multiple references to the total number of employees. Please make sure that all of these responses match.
- The employer and agent must sign the medical questionnaire, acknowledging that accurate medical condition information has been provided.
- An employer group executive may be aware of the group having an ERISA plan year that is different from the requested health care contract effective date. If that is the case, please indicate the ERISA plan year; otherwise it is acceptable to leave this blank.

#### 2. Employee Enrollment Applications

- Each field in the Enrollment Application/Change Form must be completed. Agents should review employee applications and obtain any missing information before submitting them to BCBSTX.
- Validate the following sections for consistency: Select your coverage, Coverage options and Declination of health coverage.
- All fields in the Previous coverage information section must be completed in order for employees to receive credit for prior coverage.
- When completing the Declination of health coverage section, ensure that the reason for declining coverage is selected when appropriate.
- For continuation coverage, two (2) forms must be submitted per applicant:  
The Enrollment Application/Change Form  
**Plus one of the following:**
  - COBRA Application (group must be COBRA eligible)  
OR
  - Texas Nine (9) Month State Continuation Application (group is not COBRA eligible)  
OR
  - Dependent State Continuation Application (18-36 months due to retirement, death or divorce)  
OR
  - Texas Six (6) Month State Continuation Application (COBRA coverage exhausted)

#### 3. Signed Small Group Proposal

Please submit the page from the proposal that includes the group administrator's signature, the date and the plan(s) selected.

#### 4. Proof of Business

Examples of acceptable forms of proof of business:

- Most current quarterly wage report from the Texas Workforce Commission (TWC), including the cover page

OR

All pages of any of the following documents filed with the state:

- Articles of incorporation
- Articles of organization
- Certificate of organization
- Certificate of limited partnership
- Limited liability company organizational documents

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, call **800-399-5831**.



**Questions?**  
Call **800-399-5831**.

## To Do continued

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

Examples of acceptable forms of proof of wages:

- The quarterly wage report from the TWC  
OR
- Payroll reports, which must include the company name and show the number of employees for each month in the prior quarter (at least three months)  
OR
- W-2s for existing employees and W-4s for new hires (boxes 8 and 10 on each W-4 are required)
- 1099 forms are an acceptable proof of wages for contract employees

On any employee listing (for example, the quarterly wage report) please indicate employees who are part-time, seasonal or terminated.

A Texas Supplemental Employment Verification (TSEV) form is required when an owner or other individual is employed, but not listed on the TWC wage report or a payroll report.

### 6. Medicare Secondary Payer Form (included with employer application)

- Each field must be completed.
- The Small Group Employer Application and the Medicare Secondary Payer Form included with it have multiple references to the total number of employees. Please make sure that all of these responses match.

### 7. 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.

### 8. Proxy (included with employer application)

- The proxy should be completed by employers so that the Health Care Service Corporation Board of Directors can act on the member's behalf at board meetings.

## Special Circumstances

### 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 should 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 quarterly wage report from the TVWC, including cover page  
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 also needed.

### Professional Employer Organization (PEO)/Staff Leasing

BCBSTX will accept a group that is a PEO if:

- The enrollees are actually employees of the PEO
- The number of eligible employees does not exceed 50
- The enrollees are not a client group or part of a client group of the PEO
- No client groups will be added after the PEO coverage is issued (a client group uses services provided by the PEO).

**Note:** Assuming that eligibility and participation requirements are met, BCBSTX will accept a client group that is contracted with a PEO and applying for coverage independent of the PEO.

### Multiple Company Names

Page 1 of the Small Group Employer Application asks for the legal name of the company applying for coverage. If a different company name or an additional company name appears **anywhere** within the paperwork submitted, please provide a detailed explanation of the relationship between the company applying and the other companies referenced within the paperwork. Your explanation may be provided by attaching an additional sheet. When applicable, you must include an assumed name certificate or "doing business as" (DBA) paperwork.

When two or more companies have common ownership and the owners wish to cover multiple companies under one group policy, submit legal documents filed with the state that indicate the names of the owners for each company. Documentation from the state indicating common tax IDs or employer identification numbers (EINs) for multiple companies are also acceptable. If commonly owned multiple companies are being combined under one group policy, then the standard industry code (SIC) for the company with the higher number of enrolling employees will be used.





## Special Circumstances continued

### Two Enrolling Employees

When a group consists of two enrolling employees, proof of wages is required. A W-4 form is not sufficient in this instance. If both enrolling employees are owners and proof of wages cannot be submitted, then both individuals' names must be referenced as owners within documentation that has been filed with the state.

### Identify All Persons

Please identify people who are named throughout **all paperwork submitted**. You must include an application, declination or explanation (your explanation may be provided by attaching an additional sheet) for **all people** whose names appear **anywhere** within the paperwork. This includes the names of people who are not employees of the company.

### Staffing Companies

All employees who usually work at least 30 hours per week are considered eligible employees. This includes employees who may be sent or assigned to work for another company. Regardless of whether a staffing company considers an employee eligible for health insurance benefits, BCBSTX will determine the group size and participation percentage in accordance with the Texas Department of Insurance guidelines.



## BlueCross BlueShield of Texas

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Blue Cross and Blue Shield of Texas • Small Business Service Center  
1001 E. Lookout Drive • Building B, 12th Floor  
Richardson, TX 75082 • **800-399-5831**

To obtain the most recent versions of the paperwork needed to enroll new groups, go to [bcbstx.com/producer](https://bcbstx.com/producer) and click Forms, then select the Small Group Forms link.