



BlueCross BlueShield
of Illinois

Underwriting Reference Guide for Brokers 1-50 Small Group





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Welcome

Brokers play a significant role in the application process for group sponsored health care coverage. It is very important that Brokers ensure that all required items/documentation is completed correctly in order to avoid or minimize processing delays.

This reference guide offers tips and information shared by the [Blue Cross and BlueShield of Illinois \(BCBSIL\)](#) Small Group Underwriting Department that will help Brokers successfully apply for small group insurance policies with BCBSIL for their clients.



Group Eligibility

A business is considered a “small group” if:

1. The business is an employer (as defined under applicable law) and employed an average of at least one (1) but not more than fifty (50) employees on business days during the preceding calendar year and employs at least one (1) employee on the first day of the plan year.

NOTE: If the **company did not exist in the preceding calendar year**, it must reasonably expect to employ at least one (1) but not more than fifty (50) employees in the current calendar year. In addition, it must employ at least one (1) employee on the first day of the plan year.

OR

2. The business has no employees, however, it is established as a partnership.

In addition:

- Businesses that do not meet either 1 or 2 are not eligible for a small group policy but may be eligible to purchase an individual policy or a large group policy from BCBSIL.
- If there is any information that indicates that the group might be part of a larger entity, it may not be eligible for small group.
- If more than one business applies together and they are treated as a single employer under specified sections of the Internal Revenue Code, then BCBSIL will treat them as one employer for purposes of determining whether the businesses are eligible to purchase a single small group policy.



Proof of Business Existence

Proof of Wages

Brokers must provide proof of corporate structure for all applicants along with information about the number of employees. Generally, the following types of documentation are acceptable:

- Most current Quarterly Wage & Tax Statement
- Articles of Incorporation
- Articles of Organization
- Certificate of Organization
- Certificate of Limited Partnership
- Limited Liability Company Organizational Document
- Signed Partnership Agreement

Sole Proprietorship

If a business is wholly owned by an individual (or an individual and his/her spouse), the individual and his or her spouse should not be included in the employee count reported on the Employer Group Information (EGI)* form, which is part of the required enrollment paperwork. If there are not any employees, unless established as a partnership, then the business is not eligible for a group policy but may be eligible to purchase an individual policy from BCBSIL.

Partners and Limited Liability Companies (LLCs) Filing as a Partnership may be eligible to purchase group policies even if there are no employees. If the business has partnership documentation filed with the state it should be provided to BCBSIL, or the company's Schedule K-1 (Form 1065) should be provided.

NOTE: A business owned by an individual and his or her spouse, with no employees, may be eligible to purchase group coverage if they are established as a partnership.

* All BCBSIL forms mentioned within this guide can be found on Blue Access for ProducersSM

Affiliated, Associated, Multiple Companies, Common Ownership

When there are two or more companies, all persons treated as a single employer under the Internal Revenue Code Section 414(b), (c) or (o) should be treated as a single employer for purposes of determining whether the business is eligible for a group policy. Employers who have more than one business with different tax identification numbers (TINs) may be eligible to purchase a single group policy. The following documentation is required:

- Completed and signed Benefit Program Application (BPA)*.
- Completed & signed Addendum to the Benefit Program Application Regarding Affiliated Companies* form.
- Proof of business existence for each company applying for coverage.
- Current Wage & Tax Statement for each company applying for coverage.

Professional Employer Organization (PEO)

BCBSIL will consider the application of a PEO that provides proof of wages that confirms workers are employees of the PEO and not employees of the PEO client group. The number of employees should not exceed fifty (50).

NOTE: If a client group of a PEO wants to apply for coverage:

- A client group can be considered for coverage separate from the PEO. They will need to submit a copy of the cancellation letter to the PEO, cancelling the relationship that is as of / or prior to the effective date on the client group's BPA.
- The client group will be asked to supply their own Wage & Tax Statement the following quarter to verify the termination of the relationship.

If there are any individuals named throughout all paperwork (BPA, Wage & Tax Statement, other requested documents) submitted that has not been identified as employees, an application, declination or explanation provided by a company official authorized to represent the business on company letterhead or the electronic equivalent must be included.

* All BCBSIL forms mentioned within this guide can be found on Blue Access for ProducersSM

Staffing Companies

BCBSIL will consider the application of a staffing company that provides proof of wages and certification that confirms workers are employees of the staffing company and satisfy the required number of hours to be eligible for coverage. Regardless of whether a staffing company considers an employee eligible for health insurance benefits, BCBSIL will assess the group size and participation percentage as per normal business practices.

General Information

HMO participants must live, reside or work in the Illinois HMO service area.

Wage & Tax Statement

To help assess employee eligibility, the most recent Quarterly Wage & Tax Statement should be provided at the time of application. The employer name on the Wage & Tax Statement should match the legal name of the company as indicated on the BPA.

- The Wage & Tax Statement must contain the names, wages, etc., of all employees of the business, including those who are waiving coverage.
- Employees who have terminated, work part time, are temporary, or are seasonal should be noted accordingly on the Wage & Tax Statement. Owners, new hires and eligible retirees (if applicable) not listed on the Wage & Tax Statement should be included on the Supplemental Employment Verification form.
 - W-4s or 30 days of payroll records are required to help assess eligibility for newly formed businesses.
 - W-2s & W-4s should include the employer's name and address.
 - The BCBSIL Underwriting Department may require additional documentation such as payroll records that must show the company name and number of employees for each month in the prior quarter / last 3 months.
 - Any handwritten comments added to the Wage & Tax Statement must be signed and dated by the business.
- The Supplemental Employment Verification* form is required when an owner or other individual is employed but not listed on the Wage & Tax Statement or on payroll records. In addition, supporting federal or state documents are required for sole proprietors, partners, and officers.
- Wage & Tax Statements should be provided for out of state employees from the state in which they work.
- In Illinois, contracted individuals cannot exceed 10 percent of the eligible employees. Therefore, 1099 contractors are not eligible on group sizes between 2 and 9 employees.

* All BCBSIL forms mentioned within this guide can be found on Blue Access for ProducersSM

- The percentage of allowable retirees in the Illinois Municipal Retirement Fund (IMRF) is not capped. However, there is a 15 percent (15%) cap of retirees for all other groups .
- Further assessment will be conducted by the BCBSIL Underwriting.



Contributions

The employer is required to financially contribute toward the cost of the group insurance program unless otherwise restricted by federal law. There are three types of contributions:

- **Non-contributory:** The employer pays all of the cost of the employees' share of the premium.
- **Contributory:** The employer and the employees pay a portion of the employee's share of the premium.
- **Voluntary:** The employee pays all or most of the cost of the employee's share of the premium.

In a contributory program, the employer must contribute a minimum of 25 percent (25%) of the employee-only share of the premium and maintain 70 percent (70%) of the eligible employees (less valid waivers) participating in the plan, except as otherwise provided by applicable law. If multiple plans are offered, the employer may elect to contribute a minimum of 25 percent (25%) of the employee-only share of the premium from the lowest cost plan.

In a voluntary dental program, the employer will contribute less than 50 percent (50%) of the employee-only share of the dental premium and maintain 25 percent (25%) of the eligible employees participating in the plan.

Annual Small Group Enrollment Period:

Participation and Contribution levels typically required are waived during the Annual Small Group Enrollment Period as specified by applicable law. Please note, the business must submit all paperwork by the deadline and meet all other group requirements in order to purchase a small group policy without meeting the BCBSIL participation and contribution requirements.



Waivers

To assess eligibility status and ensure that the minimum enrollment requirement is met, it is necessary to indicate when eligible employees are declining / waiving coverage for themselves and/or their dependents because they have other coverage.

- To avoid unnecessary delays, when other coverage exists, list the members who are waiving coverage as well as the other carrier name and effective date in the appropriate data collection field on the Employee Enrollment Application / Change form.
- If submitting an enrollment spreadsheet, indicate the members who are waiving coverage and the other carrier in the comments column.
- The BCBSIL Underwriting Department may require additional documentation.



Company Name / Address Information

The Benefit Program Application (BPA)* asks for the legal name of the business applying for a group policy. If a different company name or an additional company name appears **anywhere** within the documentation submitted (this includes but is not limited to the Wage & Tax Statement, the binder check, etc.), a detailed explanation of the relationship between the company applying and the other companies referenced within the paperwork must be provided.

- The explanation should be provided by a company official authorized to represent the business on company letterhead or the electronic equivalent. 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, a Common Ownership form should be submitted.
- All companies that are to be covered should be listed on the BPA under the “Affiliated Companies” field and the Addendum to the Benefit Program Application Regarding Affiliated Companies* form should also be filled out and included.

Companies that have multiple locations should use their headquarters / primary location address on the BPA.

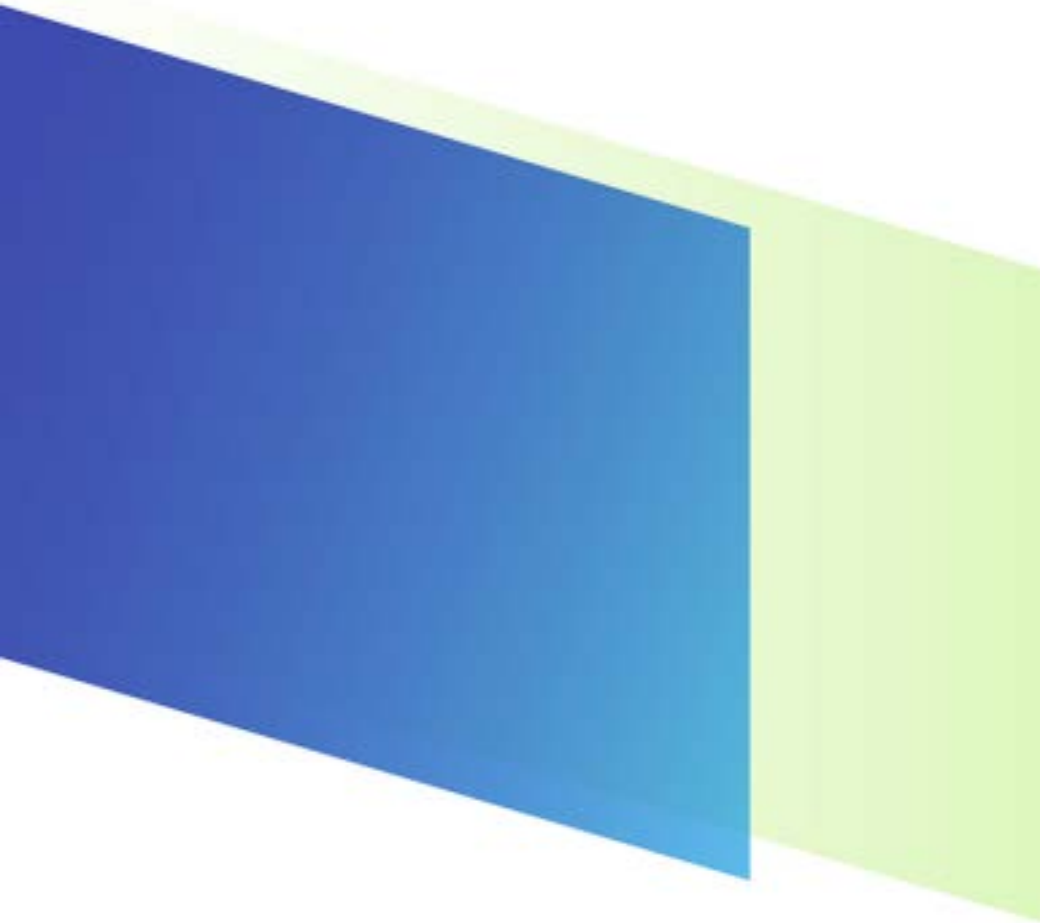
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Binder Check / First Month's Premium

A check from the applying business should be made out to Blue Cross and Blue Shield of Illinois or BCBSIL in the amount of the estimated initial/first month's health, dental and/or life premium. This is known as the binder check which confirms the business' intent to purchase coverage.

- Brokers should include the Check Routing Sheet along with the binder check to detail the dollar amounts that should be allocated to each coverage (i.e., health, dental, life).
- Temporary checks are not preferred but will be accepted if necessary, with validation from the bank.
- An explanation should be provided by a company official authorized to represent the business on company letterhead or the electronic equivalent if the address or name on the binder check differs from the company's primary address or name. This includes if the address is that of another location in the same state, if the address is out of state, if the address is a post office box, etc.
- Personal checks are not accepted.
- EFT (electronic funds transfer) is an available option for submitting the first month's premium if the business is applying for coverage through the Small Group ACA Enrollment Tool or Blue DirectionsSM for Small Business.
 - The business' banking information is required. This includes the name of the bank, the routing number, the account number and the account holder's name.
 - A minimum of 90 percent of the estimated initial/first month's health and/or dental premium is required in order to use EFT.
 - The initial premium for life coverage, if purchased, will be requested on the first bill from Dearborn National[®].
 - The EFT option for the binder payment through the Small Group ACA Enrollment Tool is a one-time payment. All payments for future monthly bills must be arranged using the EFT option in Blue Access for EmployersSM or paid via check.

Dearborn National[®] Life Insurance Company is a separate company that does not provide BCBSIL products or services. Dearborn National[®] Life Insurance Company is solely responsible for the life and disability products they provide.



BlueCross BlueShield of Illinois

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