



BlueCross BlueShield of Tennessee

801 Pine Street
Chattanooga, Tennessee 37402-2555

www.bcbst.com

New Sale Certification for Groups with 2 – 5 Enrolled Employees Effective 10/1/2006

Which Groups Must Be Certified?

- New groups with less than 6 employees enrolling
- Existing Group Splits – If an existing group splits (on or off renewal) and any of the “new” groups have less than 6 enrolled employees; the “new” groups must be certified.
- Husband/Wife Splits – A husband/wife split occurs when a group originally written with two employees (*i.e. owner husband with wife covered as a dependent and one employee*) drops down to one subscriber (*i.e. owner husband with no employee*) and the wife splits from family coverage and enrolls as an employee, bringing the group back up to two subscribers.

Who Must Be Certified?

- All employees/owners (including 1099 workers and new hires) enrolling for coverage must be certified.
- For groups with less than 6 eligible and enrolling, all eligible employees/owners (including 1099 workers and new hires) must be certified.

What Documentation is Required?

- Groups must submit the appropriate business and/or tax documentation upon enrollment. A complete list of required information is outlined below.
- In certain situations, groups may also be asked to complete a Certification Form.
- Signed waivers of coverage are required for all employees/owners/1099 workers not enrolling for groups with less than 6 employees. Signed waivers of coverage are required for 6+ groups if the group does not meet the 75% participation requirement *or* if the group contributes 100% towards individual coverage.
- If an employee lives out of state and more than 50 miles from his/her Tennessee employer, the group may be asked to provide in writing the total number of hours worked per week, the total number of hours worked at the Tennessee business, and a description of the employee's duties. Owners living out of state and more than 50 miles from his/her company, may also be asked to provide in writing the total number of hours worked per week for the business and the total number of hours worked at the business.

Required Tax Documentation for Groups That Have Been in Business One or More Years

For Employees:

(1) Most recent Tennessee Department of Labor and Workforce Development Wage Report (TDLWDWR), Outside Vendor Payroll (i.e. ADP payroll), or Federal Form 941 with employee listing (including names and salary information that match the Form 941)

Notes:

- Group Administrator should list the status for each employee (i.e. E for enrolled, W for waived, O for waived due to other group coverage, WP for fulfilling waiting period, PT for part-time, Term for terminated, etc.) and sign/date the report. Job titles/class descriptions should also be listed for carve out quotes (i.e. management, etc.). The Group Administrator should sign and date the form.
- Groups that do not wish to disclose salary information may mark through wages and list hours worked per week. The Group Administrator should sign and date the form.
- The TDLWDWR and Form 941 must have the appropriate state account number or federal EIN to be accepted.

New Hires:

(1) Certification Form and (2) W-4 (signed and dated) or pay stub

For Owners:

(1) Certification Form and (2) most recent business tax documentation based upon business type:

- If C Corporation: Form 1120 or Form 1120A
- If S Corporation: Form 1120S and K1 for each shareholder.
- If Partnership (inclgd. LP & LLP): Form 1065 and K1 for each partner
- If Sole Proprietorship: Form 1040/Schedule C
- If LLC (inclgd. PLLC): Either Form 1040/Schedule C, Form 1065 and K1 for each partner or Form 1120/1120 A depending upon how the LLC files

For 1099 (i.e. independent contractors) Workers*:

(1) Certification Form and (2) Form 1099

***Note: Groups with 1099 workers must have a minimum of two regular, full-time employees.**

Required Tax Documentation for New Businesses/Groups That Have Not Yet Filed Tax Documentation

For Employees/New Hires:

(1) Certification Form and (2) copy of most recent payroll

Notes:

- Group Administrator should list the status for each employee (i.e. E for enrolled, W for waived, O for waived due to other group coverage, WP for fulfilling waiting period, PT for part-time, Term for terminated, etc.) and sign/date the report. Job titles/class descriptions should also be listed for carve out quotes (i.e. management, etc.). The Group Administrator should sign and date the form.
- Groups that do not wish to disclose salary information may mark through wages and list hours worked per week. The Group Administrator should sign and date the form.
- **Groups are required to submit either their TDLWDWR or Federal Form 941 with employee listing within 45 days of the end of the current quarter (i.e. 15th of February, May, August or November).**

For Owners:

(1) Certification Form and (2) appropriate business documentation based upon business type:

- If C or S Corp: Articles of Incorporation listing each owner and percentage owned *or* the filed/stamped one page State of Tennessee Charter
- If Partnership: Partnership Agreement listing each partner and percentage owned *or* the filed/stamped one page State of Tennessee Partnership form* and a letter on the group's letterhead listing each partner and percentage owned
- If Sole Proprietorship: Business License**, State of Tennessee *or* IRS letter assigning their state account number/federal EIN, cancelled business check with the business' name and address, *or* a copy of business bank statement
- If LLC: LLC Agreement listing each owner and percentage owned *or* the filed/stamped one page State of Tennessee Articles of Organization and a letter on the group's letterhead listing each partner and percentage owned

Notes:

*The one page State of Tennessee forms for a partnership are titled "General Partnership – Statement of Partnership Authority", "Certificate of Limited Partnership", and "Application for Registration of Limited Liability Partnership – Domestic".

**Certain businesses are exempt from obtaining a business license. These businesses include manufacturers, doctors, dentists, veterinarians, attorneys, accountants, schools, religious organizations, insurance agents, loan companies, security exchanges, or public utilities.

For 1099 (i.e. independent contractors) Workers*:

(1) Certification Form. If payroll unavailable, copy of work contract/agreement.

***Note: Groups with 1099 workers must have a minimum of two regular, full-time employees.**

Required Tax Documentation for Special Groups

Husband/Wife Groups

(Documentation must be pre-approved by Underwriting)

If both spouses are owners/partners in the business and the business has been in existence for one or more years: (1) Form 1065/K1 for each spouse

If both spouses are owners/partners in the business and the business has been in existence for less than one year: (1) Partnership Agreement listing each spouse and percentage owned

If one spouse is the owner of the business, the other spouse is an employee, and the business has been in existence for one or more years: (1) Form 1040/Schedule C or Form 1120/A (depending upon how the group files) for owner *and* (2) Form 941 with payroll for employee

If one spouse is the owner of the business, the other spouse is an employee, and the business has been in existence for less than one year: (1) Business License or Articles of Organization (depending upon the group type) for owner and (2) Form 941 with payroll for employee

Farms

Required tax documentation for farms is the same as any other group except for the following:

- Farms file Federal Form 943 instead of Federal Form 941
- Copy of payroll is required

Groups Consisting of Only an Owner and Leased Employees

The group should submit (1) the owner's appropriate tax documentation (i.e. 1040/Schedule C if a Sole Proprietorship), (2) a payroll, and (3) a letter on the company's letterhead explaining the employer/employee relationship.

Religious Organizations

If Group Has Been in Business for 1 or More Years:

For Employees:

(1) Federal Form 941 with employee listing (including names and salaries that match Form 941)

Notes:

- Group Administrator should list the status for each employee (i.e. E for enrolled, W for waived, O for waived due to other group coverage, WP for fulfilling waiting period, PT for part-time, Term for terminated, etc.) and sign/date the report. Job titles/class descriptions should also be listed for carve out quotes (i.e. management, etc.). The Group Administrator should sign and date the form.
- Groups that do not wish to disclose salary information may mark through wages and list hours worked per week. The Group Administrator should sign and date the form.

New Hires:

Certification Form and W-4 (signed and dated) *or* pay stub

For Ministers/Owners:

If Minister(s)/owner(s) are not listed on the Form 941: Appropriate business tax documentation depending upon how the group files (i.e. 1040/Schedule C)

For 1099 (i.e. independent contractors) Workers:

(1) Certification Form and (2) Form 1099

New Businesses/Groups That Have Not Yet Filed Tax Documentation

For employees, ministers/owners, new hires, and 1099 workers:

(1) Certification Form and (2) payroll

***Note: New groups are required to submit either their TDLWDWR or Federal Form 941 with employee listing within 45 days of the end of the current quarter (i.e. 15th of February, May, August or November).**