

Spin-off Groups (aka Split-off & Breakaway Groups)



Carrier	Guideline
Aetna	<p>May be considered a spin-off group if a current Aetna customer leaving an Aetna group only with the following:</p> <ul style="list-style-type: none"> • Letter from group or broker stating group is enrolling as spin-off & include the group name spinning off from • Ownership documents showing spinoff company is newly formed separate entity • Two weeks minimum payroll to max six consecutive weeks for full time spin-off group has been in business • Deductible credit is not available for group or members moving from one Aetna group to another
Anthem	<p>May be considered a spin-off group by providing the following:</p> <ul style="list-style-type: none"> • Completed Conditions of Enrollment/Start-up Companies/PEO Spin-off Groups form • Ownership documents showing spin-off company is newly formed separate entity • Provide first 30 days of payroll within 45 days of effective date • Owners & spouses/domestic partners of officers/partners not qualified as common-law employee • Provide all employer documentation, employee enrollment, premium payment, etc • Must meet all group eligibility requirements (refer to page 4 of the 2020 Underwriting Guidelines) • If spinning off from a large employer group and enrolling 25 or more employees, may provide Employer Attestation form in lieu of a prior carrier bill
Blue Shield	<p>May be considered a spin-off group if is a newly formed business not yet eligible for small group coverage, where majority of employees are left on former business & currently offering Blue Shield coverage to employees.</p> <p>Must meet all small group requirements below except for length of time they have employed a minimum of one eligible common-law employee who was covered under former business' Blue Shield small group health plan.</p> <ul style="list-style-type: none"> • 50% of the spin-off group employees must have been enrolled in former business Blue Shield plans • New group cannot have shared ownership with former business separated from • Provide W-4 forms for all W-2 employees • Provide a completed/signed Start-up Companies/Spin-off Group Eligibility Statement • Provide owner documentation linking owner to business • Provide all employer & employee enrollment docs, etc.
CalCPA Health	<p>May be considered a spin-off group when meeting standard new group eligibility requirements and providing the following:</p> <ul style="list-style-type: none"> • Subscription Agreement • State Quarterly Wage Report • 30 days of payroll if established within the last 90 days • Enrollment & Waiver forms for all eligible employees • Broker Producer Agreement • Proof of Broker E&O (Errors & Omissions) • Copy of brokers most recent W-9
CaliforniaChoice	<p>May be considered a split-off group if a new business established from all same employees of existing company, splitting off a PEO, transferring employees to an affiliate company, changing ownership, or restructuring such as changing a Federal Tax ID or business type with & providing the following:</p> <ul style="list-style-type: none"> • An explanation from the employer describing split-off scenario & date of split-off • Minimum one week payroll from new company with balance for the month within 30 days of effective date • Ownership documents for owners/partners not on State Quarterly Wage Report • Effective date will be the first of the month following official split-off date • Employees can maintain their original date of hire to satisfy waiting periods applied by employer
Cigna + Oscar	<p>A spin-off or breakaway group is a company that is newly formed from employees of an existing company currently insured by Cigna + Oscar to become a distinct and separate entity. A breakaway must meet all the qualifications for a small group & provide the following:</p> <ul style="list-style-type: none"> • Four weeks of payroll or a DE9C • Relevant employer business documentation based on type of business entity • If the breakaway company is still affiliated per section 414 of the IRS code of 1986, or can file a combined tax return with the former group, then the companies are treated as a single company even if they choose to file separate tax returns
Covered California for Small Business	<p>Will be treated as any new group and requires standard employer documents and employee forms. If payroll is not yet available, a letter from the employer stating which employees have moved to the new company.</p>
Health Net	<p>May be considered a spin-off group when a majority of employees left a different established business for another entity & providing the following:</p> <ul style="list-style-type: none"> • A prior carrier bill or id cards for all employees under previous employer • Four weeks of payroll in total with two weeks of payroll prior to effective date • Ownership documents showing newly formed entity • A letter from the group or broker stating the group is enrolling as a spin-off & include spin-off date

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Kaiser Permanente	<p>May be considered a spin-off when a business is newly formed from employees of existing company & becoming a distinct separate entity, where employees under new entity are no longer employed by former company & are applying for coverage under a new Kaiser contract.</p> <p>The following requirements must be met:</p> <ul style="list-style-type: none"> • If breakaway company & spin-off company are still affiliated, can file a combined tax return, then treated as a single business & are written under same contract - the group is still considered to be a single business even if businesses choose to file separate tax returns • For a spin-off from an existing Kaiser small or large group, the business will move to a metal plan • The spin-off company will receive a new group number & loses grandfathered status of the existing group • Original company DE9C/payroll can be noted to document employees. If the original group has been in business four weeks or longer, the spin-off group doesn't need to meet this requirement separately • The Payroll Attestation form can be used in lieu of payroll
MediExcel	<p>May be considered a spin-off group if it is a new group that breaks away from an existing group.</p> <p>The following items will be requested at the time of enrollment:</p> <ul style="list-style-type: none"> • Master Application • Employee Applications or Enrollment Census • Binder Check • Payroll records for employees not affiliated with original company.
Sharp	<p>May be considered a spin-off group if a new group that breaks away from an existing group offering Sharp Health Plan or another carrier.</p> <p>When group spins off from a Sharp Health Plan group, provide the following:</p> <ul style="list-style-type: none"> • A small group master application for the new group • Proof of the new business • A Sole Proprietor Partner or Corporate Officer Statement for each owner/officer • A letter on company letterhead stating group is a spin-off including spin-off date • Enrollment applications for eligible employee • Premium binder check from new business checking account <p>When group spins off from non-Sharp Health Plan group, the following is required:</p> <ul style="list-style-type: none"> • Must be actively engaged in business prior to effective date • Have all necessary documentation prior to the effective date
Sutter Health Plus	<p>A group that breaks away from an existing group may be considered for coverage with Sutter Health Plus and treated the same as any other start-up business if they meet the requirements of a small group employer & provide all required new business documentation.</p> <ul style="list-style-type: none"> • Master application • Relevant employer business documents based on type of business entity • Employee applications • Copy of binder check • New Employee Verification Form or 30 days of payroll records if new company is a sole proprietor or partnership
UnitedHealthcare	<p>May be considered a spin-off group if company having existing UnitedHealthcare group policy formed new group from employees of existing company breaking out separately, & which employees can no longer be employed by original larger company, & applying for coverage under a new policy/agreement & provide the following:</p> <ul style="list-style-type: none"> • Must be approved prior by underwriting by providing a case submission coverage page • Completed employer group application • Current two weeks of payroll & current State Wage & Tax Report (Refer to Payroll Record Requirement Guidelines in 2020 UHC Underwriting Guidelines) • A letter on company letterhead explaining request & effective date • Employee enrollment & declination forms for all eligible employees • Group Acceptance Form for the new group • Premium check or completed ACH form

Data provided here is for informational purposes only, please confirm with carrier for final submission criteria and deadline updates.

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