

Tax Document Requirements / Group Health Plan Definition for Sold Case Submissions (rev. 06/23)

UnitedHealthcare requires groups with 2-9 eligible employees to submit tax documentation with their sold case submissions. The purpose of this is to:

- Confirm that the group qualifies for a small business group plan.
- Ensure the same benefits are offered to all eligible employees in a group.
- Validate that individuals seeking coverage are actual, eligible employees, and that the employer/employee relationship exists.

Tax documentation requirements are subject to change. UnitedHealthcare reserves the right to request proof of ownership, additional payroll, or supporting tax documentation for any submissions. For any situations not outlined in this document, please contact your Account Executive.

○ Groups With Only One Enrolled Subscriber:

- Beginning 8/1/23, groups with one enrolled subscriber will be required to provide a copy of four quarterly wage and tax statements from the preceding calendar year, in addition to the most recently quarterly wage and tax statement filed with their state. This process applies to new business customers on PRIME, UnitedHealthcare Strategic Platform (USP) and NICE when pended for any reason, as well as for renewing groups receiving an eligibility verification audit. If a group with only one enrolled subscriber has been in business for less than 1 year, then we would require as many W&T forms as they have filed, or the 2-week payroll as indicated in the Required Documentation sections on the following pages.

○ Group Health Plan Definition / Common Law Employee Rule:

- Any group received on or after 2/1/18 will be subject to the following definitions of group health plan and common law employee. New business cases that do not meet this requirement if submitted on or after 2/1/18 will not be accepted. Groups that were previously installed under the prior definition (based on eligible employees) will need to comply with the new definition below (based on eligible and enrolling employees) at the time of renewal.

○ General Rule:

- In order to qualify as a group health plan under ERISA, an employer must have at least 1 common law employee who is eligible and enrolled in medical coverage, in addition to an owner and the owner's spouse. Entities that do not meet this requirement will not be issued a new business policy. Only Texas, Louisiana, Virginia and the Virgin Islands have rulings that differ from this federal requirement. With any other state, exceptions will not be considered and should never be made.



○ **Sole Proprietor:**

- When the owner is the only eligible and enrolled individual (or the owner and his/her spouse), it is not a group health plan unless at least one other eligible common law non-spouse employee (W-2 or 1099/Independent Contractor for this business type) is enrolled in medical coverage on the plan. NOTE: In the states of Texas, Virginia and the Virgin Islands, Sole Proprietors do not need a common law employee enrolled. A group plan can consist of the Sole Proprietor and/or the Sole Proprietor and Spouse. A group consisting of 2 owners who are spouses does not count as a Sole Proprietor for determination of group eligibility.

○ **Partnerships/LLP/LP/PLLP:**

- If only partners and/or partners and their spouses are covered, they are not a group health plan unless there is at least one other common law employee (W-2 or 1099/Independent Contractor for this business type) eligible and enrolled in medical coverage. NOTE: In the state of Texas, Partnerships do not need a common law employee enrolled. A group plan can consist of the Partners and/or the Partners and Spouse.

○ **Corporations and LLC/PLLC:**

- Two owners who are not spouses may qualify as a group health plan. An additional common law employee is not required to enroll, as an owner may be considered a common law employee if working full time at the company, even if the second owner is silent/ineligible (i.e., the group may consist of multiple owners only with no full-time employees, where at least 1 owner is actively working and enrolled). If the Corp/LLC/PLLC has only 1 owner and/or owner and spouse as eligible, it is not a group health plan without at least 1 other eligible common law non-spouse employee (W-2 or 1099/Independent Contractor for single-owner Corp/LLC) enrolled in medical coverage. NOTE: In the states of Texas, Virginia and in the Virgin Islands, Corporations or LLCs with only one owner do not need a common law employee enrolled. A group plan can consist of the Owner and/or the Owner and Spouse.

○ **Owner's Child As Employee:**

- A child of 1 owner-only or owner/spouse-only business may be the other common law employee, if he or she is an eligible employee over the age of 18 (i.e., no longer a minor child per state law) and is enrolled in medical coverage.

○ **"Common Law Employee" determining factors:**

- Employee enrolling in coverage must be full-time eligible (i.e., W-2 taxed, or 1099/Independent Contractor where allowed), supported by applicable tax documentation. NOTE: A group may have an eligible 1099/Independent Contractor as the enrolled common law employee with a signed Common Law Employee and Fact Attestation Form, a written contract or agreement; most recent 12 weeks of payment records showing hourly/weekly/or salaried with paid vacation and sick days, expense reimbursement; and IRS 1099-NEC (when available). 1099/Independent Contractors are not allowed for all states or group sizes.
- The employer has the right to control the manner and means by which the employee's work is completed.
- The employer provides the materials and tools necessary for the employee's work.
- The employer has the right to assign additional projects to the worker.
- The employer has control over the worker's hours.
- The employee's work is part of the regular business of the employer.
- At least 1 non-owner employee must enroll in medical coverage (unless otherwise noted throughout this document, i.e. Corp/LLC with 2 or more non-spouse owners).

○ **Ancillary-Only Groups:**

- Follow all requirements listed in this section, other than the medical enrollment requirement.

Required Tax Documentation

Organization Type	Time in Business	Required Documentation / Notes
C-Corporation	Less than 1 year	<ul style="list-style-type: none"> ○ Formation documents (e.g., articles of incorporation, certificate of incorporation, articles of organization, certificate of formation), and ○ IRS letter indicating issued tax ID number*, and ○ A quarterly wage & tax statement (if filed) or a 2-week payroll (if prepared by a payroll company) for employees. ○ If ownership cannot be determined by the submitted formation document, then a Purchase Agreement or shareholder document listing all owners/shareholders is acceptable alongside the Articles of Incorporation or similar formation document.
	1 year or more	<ul style="list-style-type: none"> ○ A wage & tax statement or quarterly payroll (if prepared by a payroll company), and ○ Pages 1 and 2 of the 1120 Form are required for owners who are not listed on the wage & tax statement or payroll with full-time earnings, and ○ The Schedule G or the 1125-E Form (listing all owners) must also be provided, and ○ If the Form 1120/Schedule G/Form 1125-E does not list all the owners, a letter from the owners' lawyer or certified public accountant (CPA) identifying all the owners and their percentage of ownership is acceptable. ○ Two owners who are not spouses will qualify as a group health plan, even if one is a silent owner. A W-2 or 1099/Independent Contractor is not required to enroll, as an owner may be considered a Common Law Employee if working full time at the company (i.e., the group may consist of owners only with no full-time employees, where at least 1 owner is actively working and enrolled). ○ Any corporation in which only the owner/partner and his or her spouse are eligible would not qualify for a small employer plan (exception for groups in TX, LA, VA and the Virgin Islands). Refer to the Common Law Employee determining factors section on page 2.
S-Corporation / Professional Association (PA)	Less than 1 year	<ul style="list-style-type: none"> ○ Formation documents (e.g., articles of incorporation, certificate of incorporation, articles of organization, certificate of formation) *, and ○ IRS letter indicating issued tax ID number*, and ○ A quarterly wage & tax statement (if filed) or a 2-week payroll (if prepared by a payroll company) for employees. ○ If ownership cannot be determined by the submitted formation document, then a Form 2553 listing all owners/shareholders is acceptable alongside the Articles of Incorporation or similar formation document.
	1 year or more	<ul style="list-style-type: none"> ○ A wage & tax statement or quarterly payroll (if prepared by a payroll company), and ○ A Schedule K-1 (Form 1120S) is required for all owners/partners if 1 or more of the owners isn't indicated on the wage & tax statement or payroll with full-time earnings. ○ Two owners who are not spouses will qualify as a group health plan, even if one is a silent owner. A W-2 or 1099/Independent Contractor is not required to enroll, as an owner may be considered a Common Law Employee if working full time at the company (i.e., the group may consist of owners only with no full-time employees, where at least 1 owner is actively working and enrolled). ○ Any corporation in which only the owner/partner and his or her spouse are eligible would not qualify for a small employer plan (exception for groups in TX, LA, VA and the Virgin Islands). Refer to the Common Law Employee determining factors section on page 2.
Professional Corporation (PC)	Any length of time	<ul style="list-style-type: none"> ○ A Professional Corporation (PC) may be reviewed with C-Corp guidelines if the group submits a Form 1120/Schedule G/Form 1125-E as proof of ownership. ○ A Professional Corporation (PC) may be reviewed with S-Corp guidelines if the group submits a Schedule K-1 as proof of ownership.

* A printout from the IRS website confirming the group's TIN (FEIN) is acceptable in lieu of the actual IRS letter requirement.

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Organization Type	Time in Business	Required Documentation / Notes
Sole Proprietorship	Less than 1 year	<ul style="list-style-type: none"> ○ Business license, and ○ IRS letter indicating issued tax ID number (if available) *, and ○ A quarterly wage & tax statement (if filed) or a 2-week payroll (if prepared by a payroll company) for all employees not listed on the license. If the business license is made out to a business name and not an individual owner, then email confirmation of the owner name is acceptable.
	1 year or more	<ul style="list-style-type: none"> ○ A wage & tax statement or quarterly payroll (if prepared by a payroll company), and ○ A Schedule C (in the business of renting personal property) or Schedule E (in the business of renting commercial property) is required for eligible owners if not present on the wage & tax/payroll with full-time earnings, and ○ If the spouse of a sole proprietor is an employee and not listed on the wage & tax statement or payroll, then a current W-2, 2-week payroll (if prepared by a payroll company), or Schedule SE (Self-Employment) is required. ○ The Schedule C or Schedule E must be filed for the most current year and must list the employer's name and tax ID number. ○ Sole proprietors may use Social Security numbers in lieu of tax ID numbers. ○ Except in TX, VA and the Virgin Islands, a sole proprietorship must have at least 1 full-time W-2 or 1099/Independent Contractor other than the owner (not a spouse) who is eligible and enrolling in medical coverage. ○ Any sole proprietorship in which only the owner and his/her spouse are eligible would not qualify for a small employer plan. Refer to the Common Law Employee determining factors section on page 2.
Partnership/ LP/LLP/PLLP	Less than 1 year	<ul style="list-style-type: none"> ○ Partnership Agreement listing all partners, and ○ IRS letter indicating issued tax ID number (if available) *, and ○ A quarterly wage & tax statement (if filed) or a 2-week payroll (if prepared by a payroll company) for employees.
	1 year or more	<ul style="list-style-type: none"> ○ A wage & tax statement or quarterly payroll (if prepared by a payroll company) for employees other than the partners in a group, and ○ A Schedule K-1 (Form 1065) is required for all partners if 1 or more of the owners are not indicated on the wage & tax statement or payroll with full-time earnings, or ○ A Partnership Agreement is acceptable if the Schedule K-1 has not been filed. A copy of the filing extension (IRS Form 7004) is required at the time of submission. ○ A state Partner's Schedule K1 filing is acceptable, but must follow the ownership rules above (i.e., received for all eligible owners). ○ A Partnership/LP/LLP/PLLP must have at least 1 full-time W-2 or 1099/Independent Contractor other than the owner/partner (not a spouse) who is eligible and enrolling to participate in the group plan under the plan documents. Partnerships in which only the owners/partners and his or her spouse are eligible would not qualify for a small employer plan. Refer to the Common Law Employee determining factors section on page 2. ○ The exception to this rule is for Texas; please contact your Account Executive when dealing with Partnerships in Texas.

* A printout from the IRS website confirming the group's TIN (FEIN) is acceptable in lieu of the actual IRS letter requirement.

Required Tax Documentation

Organization Type	Time in Business	Required Documentation / Notes
Limited Liability Company (LLC)	Less than 1 year	<ul style="list-style-type: none"> ○ LLC Operating Agreement or similar formation document (signed by all parties), and ○ IRS letter indicating issued tax ID number*, and ○ A quarterly wage & tax statement (if filed) or a 2-week payroll (if prepared by a payroll company) for all employees (other than those bound by the LLC Agreement). ○ If the IRS Letter shows that there is only one single member of the LLC, then an Operating Agreement may not be filed and an Articles of Organization or Certificate of Formation (or similar formation document) may be accepted in its place.
	1 year or more	<ul style="list-style-type: none"> ○ A wage & tax statement or quarterly payroll (if prepared by a payroll company), and ○ A Schedule K-1 or Schedule C is required for all owners/partners if 1 (or more) of the owners is not showing on the wage & tax statement. ○ The state K-1/Ownership filing is acceptable, but must follow the ownership rules above (i.e., received for all eligible owners). ○ Any LLC in which only the owner/partner and his or her spouse are eligible would not qualify for a small employer plan (exception for groups in TX, LA, VA and the Virgin Islands). Refer to the Common Law Employee determining factors section on page 2.
Churches	Any length of time	<ul style="list-style-type: none"> ○ Churches must provide an IRS Form 941 or 940 (if available) and either a quarterly wage & tax statement (if filed) or a 2-week or quarterly payroll (if prepared by a payroll company) for all employees of the church. ○ Groups consisting of only 1 eligible employee are allowed. ○ Religious orders (priests, nuns, monks, etc.) under a vow of poverty must provide a group letterhead signed by the director listing all eligible employees, their salaries and hours worked.
Farms	Any length of time	<ul style="list-style-type: none"> ○ A farm must provide a Schedule F and either a quarterly wage & tax statement (if filed) or a 2-week or quarterly payroll (if prepared by a payroll company) for all employees. ○ The Schedule F must be filed for the most current year and indicate the employer's name and tax ID number. ○ If the owner's name and TIN are not present on the Schedule F, verification is needed on who the farmer/owner is. ○ If ownership documentation is presented as a Schedule K-1 or Form 1120/Schedule G/Form 1125-E, then the Schedule F is not required.
Nonprofit	Any length of time	<ul style="list-style-type: none"> ○ An IRS Form 941 or 940 and either a quarterly wage & tax statement (if filed) or a 2-week or quarterly payroll (if prepared by a payroll company) are required. If a quarterly state wage & tax form is received then Form 941/940 is not required. ○ For directors, Form 990 may be provided showing prior year full-time earnings as proof of eligibility. ○ For newly formed nonprofits, or lack of activity to report, a 2-week payroll alone is acceptable if the Form 941 or 940 is not available yet. IRS Form 941 or 940 must always be requested (unless a quarterly state wage & tax form is submitted), but installation will not be held up if the group confirms that the form was not filed and cannot be provided. ○ A group with eligible employees consisting only of an employee and his or her spouse is allowed. ○ Groups consisting of only 1 eligible employee are allowed. ○ Groups consisting of only 1099/Independent Contractors are allowed if 1099/Independent Contractors are allowed in the state. ○ Nonprofit guidelines may also be followed for political subdivision, campaign, and consulate groups. Note that consulate groups will not have an IRS Form 941 or 940, as they are not subject to federal taxes.

* A printout from the IRS website confirming the group's TIN (FEIN) is acceptable in lieu of the actual IRS letter requirement.

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Organization Type	Time in Business	Required Documentation / Notes
Municipality	Any length of time	<ul style="list-style-type: none"> ○ A quarterly wage & tax statement or quarterly payroll is required for all employees. ○ Elected officials may be exempt from unemployment tax and would not appear on the wage & tax statement. ○ A quarterly payroll (if prepared by a payroll company) is acceptable to show full-time earnings for elected officials. ○ Elected officials must be working required full-time hours to be considered eligible.
Household	Any length of time	<ul style="list-style-type: none"> ○ A quarterly wage & tax statement is required for all employees. ○ A Schedule H (from IRS Form 1040) is required to identify the homeowner(s). ○ The homeowner(s) are never eligible for a household group. ○ For a newly formed household group, 2-week payroll is acceptable in lieu of quarterly wage & tax. If the Schedule H is not yet available, then email confirmation of the homeowner name(s) is acceptable.
Embassy	Any length of time	<ul style="list-style-type: none"> ○ A list of all eligible employees on embassy letterhead is required. The listing must include the employees' names, employees' salaries, employee's hours worked per week, and be signed by embassy management/director.

○ Miscellaneous documentation requirements.

- **Common Ownership or PEO/ELC groups:** Please consult with your UnitedHealthcare Account Executive for groups involving common ownership or the usage of PEOs/ELCs
- **No Business Activity:** When a group was formed more than 1 year ago but did not have any business activity, then proof of ownership can follow the guidelines for a group in business for less than 1 yr. This can also apply to groups that stopped and then restarted business operations, where group taxes were not filed during the time of inactivity.
- **Foreign Tax Documents:** If foreign tax documents are provided, but the company has not filed taxes in the United States yet, we may accept the foreign legal documentation along with the IRS Letter indicating the assigned TIN (FEIN).
NOTE: Only employees legally residing in the U.S. are eligible for enrollment.
- **New hires** who are not listed on the wage & tax statement (or who are handwritten in on the statement) require a 2-week payroll (prepared by the payroll company) or a pay stub covering at least two weeks.
- **Deferred Compensation - Owner/Partner/Officer:** For any owner/partner/officer that has deferred compensation (such as only being paid once annually) and cannot provide proof of ownership based on the type of company and length of time in business, submit the Deferral Agreement. The Deferral Agreement must include the following:
 - Company letterhead.
 - Time period of deferral agreement including start and end date (must not exceed 12 months).
 - Amount of payment earned during the deferral period.
 - Accounts payable statement that provides the details of payment earned.
- **Deferred Compensation - Non-Owner Employees:** For an employee with deferred compensation (such as an employee paid once annually), first confirm that they are not an owner. If not an owner, then we will need to see the signed contract or Deferral Agreement between the employer and employee. The signed contract or Deferral Agreement must include the following:
 - Company letterhead.
 - Time period of deferral agreement including start and end date (must not exceed 12 months).
 - Payment amount, including details of payment earned.
 - If group has been in business for greater than one year and the employee is not a new hire, then request the last quarterly wage and tax statement that shows their annual payment.

- **Commissioned Employees:** To cover commissioned employees, the employer must provide the following:
 - A completed Commissioned Employees Form indicating names of commissioned employee(s).
 - A year-to-date payroll ledger showing earnings for the commissioned employee(s), if available.
 - If the commissioned employee(s) are indicated on a quarterly wage and tax statement or acceptable payroll with full-time hours/earnings, then the Commissioned Employees Form is not required.
- **Leave of Absence (LOA) Employees and Laid-Off Employees:** These employees may be covered if they have been on leave for less than 6 months, regardless of what the business puts in their employee handbook. To confirm full-time status and length of time on leave of absence, the employer must provide the following:
 - The last quarterly wage and tax statement or quarterly payroll from the employee's full-time employment.
 - A recent 2-week payroll showing full-time hours and earnings for returning LOA or Laid-Off employees not on the last quarterly wage & tax/payroll.
- **1099/Independent Contractors - Eligibility Requirements:**
 - The group's rating State must allow for 1099/Independent Contractors in the group's size segment.
 - Business must have at least 1 regular, taxed employee or owner eligible for coverage (excluding nonprofit groups).
 - Tax documentation must be submitted for the owner/employee to prove eligibility based on the type of company. The regular, taxed employee or owner who is eligible for coverage is not required to enroll.
 - Refer to UnitedHealthcare's Common Law Employee & Fact Attestation Form for further eligibility conditions.
- **1099/Independent Contractors - Documentation:** For UnitedHealthcare to cover 1099/Independent Contractors, the employer must complete/provide the following information.
 - UnitedHealthcare Common Law Employee & Fact Attestation Form listing all 1099/Independent Contractors.
 - The form must be completed, including the signature of an owner and dated.
 - A written contract or agreement between the employer and the 1099/Independent Contractor.
 - Most recent 12 weeks of payment records showing hourly/weekly/or salaried with paid vacation and sick days, expense reimbursement, records, evidence of pension, other insurance and employee benefits and an IRS Form SS-8 if applicable.
 - If an eligible 1099/Independent Contractor has been employed by the group during the previous tax year, the IRS 1099-NEC tax form will be required to verify eligibility. This employer group name must be listed as the Payer's name on the form.
 - When a previous 1099/Independent Contractor becomes a W-2 employee, then we need a recent two-week payroll for the employee showing full-time hours/earnings with W-2 status.
 - A nonprofit group may consist of only 1099/Independent Contractor.
 - If the IRS 1099-NEC tax form is issued to a business name instead of the 1099/Independent Contractor, ownership documentation will be required to prove the 1099/Independent Contractor owns that business.
- **Ineligible for coverage.**
 - Part-time and seasonal employees (however, they are considered an eligible employee if they are indicated as "seasonal" and are working the required hours per week, on the wage & tax or payroll report, and have satisfied the waiting period).
 - Individuals who volunteer time on behalf of the company.
 - Note: Not all shareholders, members of a board of directors, or previous owners are eligible for coverage unless they are actively employed on a full-time basis and are able to support employment via applicable tax documentation as described throughout this document.

○ **Unacceptable tax documentation.**

- Wage and tax/payrolls from prior ownership or a dissolved business entity.
- Wage and tax/payrolls where the salary amounts are covered up or blackened out.
- W-2 (except for the spouse of a sole proprietor), W-3, W-4, and W-9 Forms.
- Separate payroll sheets or pay stubs for multiple employees. (Note: A payroll sheet or a pay stub is acceptable for a single new hire. If the group has multiple new hires, it must submit a group payroll showing all of the employees.)
- Word document payroll.
- Excel versions of tax documents.
- Letter from employer or CPA (unless otherwise outlined in this document).
- Application for Employer Identification Number (SS4 Form).
- Individual income tax returns (1040 Form).
- Stock holder minutes.
- Stock certificates.
- Documents stating the enrollee is on a board of directors.
- Estimated or projected payroll.
- Handwritten payroll.
- Job offer letters.

SEE PAGE 1 FOR IMPORTANT INFORMATION REGARDING GROUPS WITH ONLY ONE SUBSCRIBER.

Not For Consumer Use.

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