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Current Legislation for Business Groups of One

Recently passed legislation (Senate Bill 99-069) regarding business groups of one will significantly impact the way insurers enroll these groups going forward. This legislation, which restricts guaranteed issue periods and allows carriers to verify the group is a legitimate business, is effective August 5, 1999. Key changes affecting business groups of one are:

1. A business group of one can enroll in the Basic and Standard plans on a guaranteed issue basis only during the 31 days following their date of birth. This is their open enrollment period. Exceptions to the open enrollment rule are qualifying events that include: an involuntary loss of creditable coverage; exhaustion of state or federal continuation coverage; or the first time an individual qualifies as a business group of one. The business group of one must submit its application within the 31 days following the qualifying event.
2. A business group of one may apply for any small group plan at any time; however, they will be subject to medical underwriting if applying outside of their Basic and Standard plan open enrollment period. The business group of one applicant must submit a group of one health questionnaire along with the application. If the applicant is not declined based on the health questionnaire, current medical records will be requested. Any cost for medical records will be the responsibility of the applicant. If the applicant or any eligible dependents fail to pass the medical screening, the group will be declined. If declined, the group may again apply during their open enrollment period for either the Basic or Standard plans. If coverage is approved, the group effective date will be the first of the month following approval.

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3. As part of the application, a business group of one is required to prove they are a legitimate business by submitting copies of employment related tax and withholding information such a IRS Form 1040, Schedule C, F, SE or Form 1099, or provide certification from a CPA or attorney that taxes have been filed as a business. In addition, an individual business group of one must work a minimum of 24 hours per week on a permanent basis.