



COVERED CALIFORNIA FOR SMALL BUSINESS EMPLOYER GUIDE



FOR **SMALL
BUSINESS**

2018 REG EDITS

WELCOME TO COVERED CALIFORNIA FOR SMALL BUSINESS

Covered California for Small Business is a part of California's State Health Benefit Exchange where employers with 100 or fewer full-time equivalent employees can access brand name health insurance plans in order to provide quality, affordable health coverage for their business.

With multiple health and dental insurance companies and plans to choose from, employers like you can offer increased flexibility and choice to your employees. Covered California is also the only place where small businesses can qualify for the federal health care tax credit.

We provide you with clear defined levels of coverage—Platinum, Gold, Silver, and Bronze—to simplify the process of selecting from dozens of available health plans. You can choose not only one, but two adjoining levels of coverage. For example, you can set your budget on the silver level, but allow employees to move up to gold.

As an enrolled employer, we strive to provide you with the highest level of service to make it easy for you to offer health insurance. Our Certified Insurance Agents and Small Business Service Center are available to ensure that both you and your employees find the coverage you need and at a budget you can afford.

We're here to help! Covered California for Small Business is committed to supporting your small business, and we invite you and your employees to contact your Certified Insurance Agent or our Small Business Service Center at (855) 777-6782.

You may also visit the Covered California for Small Business website at CoveredCA.com/ForSmallBusiness for a number of additional resources that may be useful to you.

Table of Contents

Responsibility and Privacy	5
Your Health Plan Responsibilities	5
Employer Eligibility Guidelines	7
Knowing Your Small and/or Applicable Large Employer Status.....	7
Employer Contribution Requirement	8
Employee Participation Rate Requirement.....	8
Annual Special Enrollment Period	8
Offering Infertility Coverage.....	8
Employer Eligibility & Verification	9
Employee Eligibility & Verification	9
Dependent Eligibility & Verification.....	10
Eligibility Appeal Process	11
Reporting Changes to CCSB	12
Reporting a Change to Your Business	12
Reporting a Change in Employee/Dependent Eligibility.....	12
Making Changes to Your Health Coverage	13
Your Premiums & Payment for Health Coverage	14
Your Premiums	14
Making Premium Payments	14
Enrolling Your Employees.....	16
Annual Election and Open Enrollment Period	16
Open Enrollment Notifications.....	16
New Hire Enrollment	17
Deciding on a Waiting Period	17
Qualifying Life Events – Special Open Enrollment Window	18
Released from Incarceration	19
Terminating Coverage.....	20
Terminating Your Small Business Coverage	20
Terminating Coverage for an Employee or Dependent.....	21
COBRA Health Plan Administration	22
COBRA Health Plan Administration	22
COBRA Qualified Beneficiaries.....	23
COBRA Qualifying Events	23
Events That Do Not Qualify for COBRA	23
Your Federal COBRA Notification Responsibilities.....	23

COBRA Election Notices.....	24
Employee Termination Notices	24
Employee COBRA Notifications	24
COBRA Coverage Payment.....	25
COBRA Termination	25
Small Business Tax Credits	26
Small Business Tax Credits	26
Contact Covered California for Small Business.....	27
Contact CCSB.....	27
CCSB Health & Dental Insurance Companies.....	28
Health Insurance Companies	28
Dental Insurance Companies	28
Additional Resources	29
Office of the Patient Advocate.....	29
California Department of Managed Health Care (DMHC).....	29
California Department of Insurance (CDI)	29

RESPONSIBILITY AND PRIVACY

Your Health Plan Responsibilities

While Covered California for Small Business handles most of the administrative work to make offering health coverage easy for you as a business owner, you will have some responsibilities that you should be familiar with as a health plan sponsor. To provide a quick summary, you are responsible for the following when offering company-sponsored health coverage through Covered California's small business program:

1. Knowing Your Full-Time Equivalent (FTE) Employee Count and Applicable Large Employer Status
2. Meeting Covered California's Eligibility Requirements
3. Determining Your Level of Health Coverage and Premium Contribution
4. Following Privacy Rules
5. Deciding on Employee and Dependent Eligibility
6. Setting a New Hire Election Period
7. Paying Your Monthly Invoice
8. Providing Covered CA with Notices of Eligibility Changes
9. Notifying Employees of Open Enrollment
10. Identifying COBRA regulations and Notifying Terminated Employees of COBRA.
11. Providing Employees with Health Plan Documents & Resources

In these pages, you will find information on each one of your responsibilities along with details that can help you manage a health insurance program for your employees. These include things like understanding privacy rules, knowing which of your employees are eligible for coverage, what to do if you need to make a change to your health coverage, or when and how to pay your premiums. Feel free to reference the table of contents found at the beginning of this guide for quick access to key topics or the last few pages of this guide for helpful resources and important phone numbers should you need further assistance.

Privacy Guidelines

When applying for health insurance, small businesses and their employees are required to reveal confidential information. Protecting this information is of utmost importance to Covered California for Small Business. Any information collected on a Covered California for Small Business employer or employee application, other than the name, address, birth date, and plan selection(s), will not be shared with you or a selected health insurance plan unless strictly necessary for the purposes of determining eligibility and enrollment. As a health plan sponsor, it's important for you to remember to be cautious when disclosing sensitive and personal information. Always adhere to applicable privacy rules to ensure the health information of your employees remains confidential and protected. To review Covered California's privacy practices, please visit: www.coveredca.com/privacy.

Employer Eligibility Guidelines

To be eligible for Covered California for Small Business, you must have 100 or fewer full-time equivalent employees. Additional requirements are:

- Employer's principal business address must be in California or offer coverage to each eligible employee serving that employee's primary worksite
- At least one employee must receive a W-2; employee cannot be an owner or spouse of an owner
- Employer must offer CCSB coverage to all eligible full-time employees
- Employer must agree to the employee participation requirement
- Employer must agree to contribute at least 50 percent of the lowest cost employee-only plan in your select level of coverage for your eligible employees' premiums.

Counting Full-Time Equivalent (FTE) Employees

Only small businesses with 100 or fewer full-time equivalent (FTE) employees are eligible to enroll in Covered California for Small Business. Calculating your total FTE employee count is your responsibility as an employer.

An FTE calculation includes all full-time and part-time employees who worked during the prior calendar year (or who are reasonably expected to work in the current calendar year if you did not exist as a company in the prior year). The calculation should also include employees employed by related entities meeting controlled group status under federal tax laws. To assist you in estimating your FTE employee count, we encourage you to visit the [IRS.gov/Affordable-Care-Act](https://www.irs.gov/Affordable-Care-Act) website and review the IRS-related Affordable Care Act resources available for employers on this topic.

Although the total FTE count determines your business' eligibility to participate in Covered California for Small Business, it's important to note that not every employee may be eligible for coverage (See [Employee Eligibility & Verification](#)).

Did You Know?

If your full-time equivalent or FTE employee count should increase beyond 100 throughout your plan year, you will continue to remain eligible for Covered California for Small Business provided other eligibility standards are met. Should you elect to terminate your health coverage with Covered California but want to re-apply at a later time you may no longer be eligible to participate if your FTE employee count has exceeded 100 employees.

EMPLOYER ELIGIBILITY GUIDELINES

Knowing Your Small and/or Applicable Large Employer Status

Applicable Large Employers

The Affordable Care Act, a federal law that changed the health care landscape for the United States in 2010, requires that employers of a certain size (50 or more full-time equivalent employees) offer health benefits coverage. These employers are known as “Applicable Large Employers” (ALEs).

The mandate requires that employers with 50 or more full-time equivalent employees offer health coverage that is both “affordable” and that meets a “minimum value” to their employees. The law also requires ALEs to offer coverage to employees for their dependent children below the age of 26. ALEs that do not offer health coverage could face a penalty from the IRS referred to as the Shared Responsibility Payment. This penalty is triggered when an employee who is not offered coverage by an ALE purchases health insurance on a state or federal health exchange and receives a federal subsidy to help pay for that coverage.

Employers that have less than 50 employees are considered a small business by the ACA, and while encouraged to offer health coverage are not required to do so by law. Nevertheless, employers that offer health coverage, regardless of whether they are small or large, may find that it helps them to attract top talent and improve productivity at their place of business. Providing employees with health coverage has also been demonstrated to increase morale and help with a company’s retention, making the business an attractive option for employees.

Offering coverage through Covered California for Small Business can help you avoid the Shared Responsibility Payment and provide your employees with access to quality, affordable ACA-compliant health plans. For more information on the Employer Mandate, visit CoveredCA.com/ForSmallBusiness/Mandate.

Small Business Group Size in California

California recently expanded the group size definition of a small business to include any business with at least one but no more than 100 full-time equivalent employees. Historically, small group size in the health insurance industry was determined for employers that had up to 50 full-time employees. With the recent expansion, employers with 51-100 FTE employees are now also considered small group. Covered California for Small Business changed its eligibility requirements to align with the state expansion of small group, which means that employers with up to **100 FTE employees** may be eligible to enroll in the program.

Did You Know?

The difference in federal and state legislation means that it is possible for you to be considered both an Applicable Large Employer (those groups with 50 or more FTEs), as defined by the Affordable Care Act, and still be considered a small business with respect to California state law. Employers with 50 to 100 FTEs are considered both eligible for coverage through Covered California’s small business program but also required to offer health coverage as an ALE.

Employer Contribution Requirement

Employers that are eligible to participate in Covered California for Small Business are required to contribute at least 50% of the cost towards the lowest premium available for employee-only coverage. This means that you must pay for at least 50% of the employee-only premium for the reference plan that you choose. This reference plan can be on any level of coverage, but you will be required to pay, at a minimum, at least half of the cost of this plan. Your employees' premium contribution and out-of-pocket costs will depend on your reference plan and total contribution, your selected level(s) of coverage and the plan(s) your employee selects.

Employee Participation Rate Requirement

When offering coverage through Covered California for Small Business, at least 70% of your eligible employees must enroll with CCSB. Valid waivers are not counted when calculating participation.

Valid waivers may include:

- Employer Sponsored Coverage
- Coverage through a union
- Military coverage
- Medi-Cal
- Medicare
- Other federal or state health coverage programs other than coverage through a Qualified Health Plan (QHP) sold in the Individual Exchange

Annual Special Enrollment Period

If you should fail to meet the employer contribution or minimum employee participation rate requirements, CCSB offers an Annual Special Enrollment Period every year from November 15 to December 15 where employers that meet all other eligibility guidelines will be allowed to enroll for health coverage starting January 1.

Employers can enroll in Covered California for Small Business at any time throughout the year, but excluding the Annual Special Enrollment Period, employers must have at least 70% of their employees enroll in a health plan and contribute at least 50% of the cost towards their employees' premiums.

Did You Know?

During a limited time each year, from November 15 to December 15, Covered California for Small Business allows employers that have not met its minimum participation rate and/or premium contribution requirements to enroll for health coverage. Business owners can enroll in the small business program even if only a few employees accept the coverage or they cannot afford to meet the premium contribution requirement.

Offering Infertility Coverage

Infertility coverage is an elective benefit that employers can choose to offer as part of their health plan program.

Employers with 20 or more FTE's:

- Employers with 20 or more full-time equivalent (FTE) employees who choose to offer Infertility benefits to their employees, all products shall include Infertility benefits.
- Employers with 20 or more FTE employees who choose to not offer Infertility benefits to their employees, all products shall not include Infertility benefits.

Employers with less than 20 FTE's:

- Employers with less than 20 FTE employees have the option to include Infertility benefits only on Non-HMO plans.

If Employer chooses to offer Infertility benefits, the following applies:

- Employees selecting an HMO product cannot select a plan with Infertility benefits.
- Employees selecting either a PPO or EPO product must select a plan with Infertility benefits.

If Employer chooses to not offer Infertility benefits, the following applies:

- Employees electing an HMO product cannot select a plan with Infertility benefits.
- Employees electing either a PPO or EPO product cannot select a plan with Infertility benefits.

Employer Eligibility & Verification

Covered California for Small Business will verify your eligibility as a business owner prior to allowing you to offer health insurance coverage to your employees. If you are determined eligible, CCSB will notify you in writing confirming that you can participate. If there are any errors in your eligibility, CCSB will provide you written notice of the discrepancy. From the date of notice, you will have 30 days to resolve any eligibility issues. If you choose not to take action within that 30-day period, CCSB will provide an eligibility denial notice in writing to you.

Employee Eligibility & Verification

Employees are eligible to participate in Covered California for Small Business if they receive an offer of coverage from you as an eligible employer and are permanently employed full-time. Employees that are considered “full-time” work an average of 30 hours per week over the course of a month. Eligible employees may be added during the plan year if they experience a qualifying life event or during your annual open enrollment period. Effective dates for coverage are always the first of the month.

Did You Know?

Part-time employees may be considered eligible at your discretion. In order to be counted in your participation rate calculation, part-time employees must work between 20 and 29 hours per week and be actively engaged in your business. In other words, these employees cannot be independent contractors (receive a Form 1099), temporary employees or work less than 20 hours a week for your company.

Employees who are **not** eligible for coverage include those employees who work less than 20 hours per week, receive a Form 1099 or are seasonal, temporary, or subject to collective bargaining arrangements through a union.

Covered California for Small Business verifies that your employee is eligible when you submit your application for coverage and will collect only the minimum information necessary to verify their eligibility and enrollment. When your employees' eligibility is determined, we will provide them written notice along with information on their right to appeal their eligibility determination.

If there are inconsistencies between your company and employee applications, CCSB will provide written notice to you. You will have 30 days from the date of the notice to resolve the inconsistency. If no response is received within the 30-day period, CCSB will provide a written notice of denial to enroll in the program.

Your employee may voluntarily elect to waive coverage. The employee must complete and sign the declination section on the employee application. An employee that waives their coverage is not eligible to enroll in your health plan until your next open enrollment period or unless eligible for a special enrollment period through a qualifying event.

Dependent Eligibility & Verification

Did You Know?

Spouses, as well as registered and non-registered domestic partners, are not considered “eligible dependents” and should seek their own coverage either through their employer, Covered California’s Individual Marketplace or a private health insurance company. You may elect to offer dependent coverage that includes spouses or domestic partnerships but it is not required when electing to offer dependent coverage.

Should you elect to offer dependent coverage, enrollees and their dependents must enroll in the same health and/or dental plan. Dependents that qualify and are eligible for health coverage through Covered California for Small Business must be under the age of 26. Dependents include adopted children, foster children or those under legal guardianship. Disabled adult children (regardless of age) are also considered eligible dependents. Only dependents under the age of 19 are eligible for the pediatric dental and pediatric vision coverage. Please refer to your selective Evidence of Coverage (EOC) for more information. If the selected health plan does not include embedded Pediatric Dental, the employee has the option to select a supplemental children’s dental plan. Dependents that are age 19 and older can be enrolled in the supplemental adult dental plans with. Dependents that lose eligibility for pediatric dental coverage subsequent to turning nineteen (19) years of age and wish to continue dental coverage under a standalone dental plan may select a standalone dental plan within 30 days of losing coverage. Eligible dependents may be added during the plan year if they experience a qualifying life event or during your annual open-enrollment period.

Did You Know?

Employers can elect to offer employee only-coverage. In the event that you choose to offer employee-only coverage, know that you may be subject to Shared Responsibility Payments if you are an ALE and your employees’ dependent children seek coverage through a state or federal health exchange. However, if you should elect not to offer dependent coverage and are not required to because of your business size, your employees may be able to purchase coverage for their dependents through Covered California’s Individual Marketplace. Dependents may even be eligible to receive financial assistance for a health plan should they need it.

In verifying eligibility for your employee’s dependents, we will provide written notice if there are inconsistencies between your company and employee applications. You’ll have 30 days from the date of the notice to resolve the inconsistency. If no action is taken within that 30-day period, CCSB will provide written notice to your employee about their dependent’s denial of eligibility to enroll in the program.

ELIGIBILITY APPEAL PROCESS

If you or your employees receive a denial of eligibility or do not receive timely notification of eligibility from Covered California for Small Business, you have the right to appeal the decision. Appeals must occur within 90 days from the date of the denial notice. Once an appeal is submitted, Covered California will provide a response to the appeal in writing. Appeals will be decided independently and the appeal board will review all evidence submitted by the appellant. If you as a business owner or your employees are determined to be eligible for health coverage as a result of the appeal process, the eligibility decision is backdated and effective starting the date of the incorrect determination.

Appeals must be submitted in one of the following ways:

- 1. Delivered in-person or mailed to:**
CA Department of Social Services
ATTN: ACA Bureau
P.O. Box 1944243
Mail Station 9-17-37
Sacramento, CA 94244

- 2. Submitted electronically to:**
SHDACABureau@dss.ca.gov

- 3. Or by fax to:**
(916) 651-2789

For questions regarding the appeals process, contact the Covered California for Small Business Service Center at (855) 777-6782.

REPORTING CHANGES TO CCSB

Reporting a Change to Your Business

A number of events can occur throughout the year that can impact your business. You may change your ownership structure, your business name or primary contact, your address or your federal and state tax ID. These are important changes, and it is your responsibility to notify Covered California for Small Business promptly.

If your principal business address should change, know that it may affect premium rates and/or plan options for both you and your employees (see [Your Health Plan Premiums](#) on pg. 13). However, Covered California for Small Business will not make retroactive rate changes for employers that fail to inform us of address changes. Premium and rate changes will only be effective at your plan year renewal.

Please notify us of a business change by completing and submitting an Employer Change Request Form to Covered California for Small Business. Employer Change Request Forms can be found at CoveredCA.com/ForSmallBusiness/Resources and should be submitted using one of the following methods below:

U.S. Mail

Covered California for Small Business
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

Please allow one to two billing cycles for your business change to be updated in our system and on your monthly invoice.

Reporting a Change in Employee/Dependent Eligibility

As a health plan sponsor, you are required to report any changes in your employees' eligibility to Covered California for Small Business. Changes that should be reported include an employee's:

- Change of address
- Change in work hours or work relationship
- Loss or gain to other health coverage
- Change in dependent status
- Termination of employment
- Death

All changes should be submitted using an Employee Change Request Form. Employee Change Request Forms can be found at CoveredCA.com/ForSmallBusiness/Resources in both English & Spanish. Forms should be submitted to Covered California for Small Business using one of the following methods below:

U.S. Mail

Covered California for Small Business
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

Email

ShopElig@pinnacletpa.com

Please allow one to two billing cycles for your employee or dependent change to be updated in our system and on your monthly invoice.

Making Changes to Your Health Coverage

Once enrolled in Covered California for Small Business, you or your employees can only make changes to health coverage during your annual election and open-enrollment period. After enrolling, eligible employees can make changes to their selected health plan during the first 30 days of the new plan year, provided the newly selected health plan is offered by the same issuer. Plan changes received between the 1st and 15th of the month will be effective retroactively to the 1st of the month, unless the employer requests an effective date of the first of the following month. Plan changes received between the 16th and 30th of the month will be effective the 1st of the following month. Modifications that can be made during this time include changes to your:

- Selected level of coverage (Bronze, Silver, Gold, Platinum) and/or the option to add a second level of coverage through CCSB's Dual Tier Choice option
- Reference Plan
- Contribution percentage
- New hire waiting periods
- Number hours of work necessary for coverage
- Update number of FTEs
- Dependent coverage
- Infertility coverage

If the employer's reference plan is no longer available at renewal and the employer does not select a new reference plan during the employer's annual election period, a default plan will be auto selected on behalf of the employer. The auto-selected reference plan shall be the lowest cost plan in employer's current selected tier and the employer's contribution will remain the same as previously elected.

During your annual Open Enrollment, employees can make plan changes within your selected level(s) of coverage, add dental coverage and/or dependents.

If at renewal an employee's plan is discontinued, the employee's plan may be passively renewed to the lowest cost plan within the same carrier and same metal tier. If the same carrier is not available with CCSB, the employee's plan may be passively renewed to the lowest cost plan with a different carrier within same metal tier. Please refer to your Renewal packet for details.

Employees can make changes to health coverage throughout your plan year should they experience a qualifying event, such as becoming a newly hired employee or a new parent. For more information on what changes can be made during these time periods, see [Qualifying Life Events – Special Enrollment](#).

YOUR PREMIUMS & PAYMENT FOR HEALTH COVERAGE

Your Premiums

Health coverage and premiums are guaranteed for 12 months from your initial coverage effective date. The premiums you pay for your health plan are based on your business address. There are 19 rating areas in California based on region and zip code that determine the amount of financial adjustments that are made to your health insurance premiums. In circumstances where an employee lives out of your rating region and has access to a regional health insurance company that is not available in your rating area, Covered California will allow that employee to enroll in a regional health plan if selected. In this case, the employee's residential zip code may be used to enroll the employee and generate premium rates for the regional plan.

Additionally, changes to your health plan premiums at your plan year renewal may account for changes to your employee participation, changes in cost sharing, and the age of your employees and their dependents.

Making Premium Payments

Although employees can choose from multiple health insurance plans, you pay Covered California directly with one single payment for all eligible employees for the covered month. It is important CCSB receive a minimum of 85% of the first month's premium by the first of the month. Covered California for Small Business coverage will not take effect until payment is received. Failure to send in prompt payment may also delay your effective date or require you to resubmit your enrollment materials.

Ongoing Payments

The billing cycle for all plans is the 1st of the month. Covered California for Small Business will send you an invoice on or about the 15th of each month for your employees' health insurance coverage for the following month of coverage. Health care premiums are due **prior to the new month of coverage**.

You are expected to pay the total balance owed. Failure to submit payment for at least 85% of the total balance due may result in delinquency and cancellation of your health coverage. This payment amount includes any amounts that are past due. If the minimum amount is not paid or postmarked by the due date indicated on the invoice, Covered California for Small Business will mail a notice of delinquency on the day after payment is due explaining the terms of a 30-day grace period which will include instructions for making the premium payment necessary in order to maintain coverage in force and provides notice of the employer's right to request review of the cancellation by the applicable regulator. If an employer group's coverage or enrollment through CCSB is terminated due to non-payment or eligibility, your business will be notified of the effective date and reason of the termination within three business days electronically or five business days through U.S. Mail after the last day of paid coverage if payment is not received by the due date on the invoice and such notice will include the termination effective date.

If an employer is terminated for non-payment, the group may request to be reinstated in the same coverage in which it was last enrolled within 30 days after the effective date of termination and all past due payments must be made before a group may be reinstated without a lapse in coverage. Employer may only reinstate once during the 12-month period. Employer that is terminated for non-payment may not reinstate coverage 31 or more days following the effective date of termination and must reapply for a new group policy

Note that you will receive a different invoice for your COBRA participants, requiring a separate payment for these individuals.

Grace Period

A grace period of 30 days will be allowed for payment of any premium due after the initial premium. If full premium due is not received on or before the expiration of the 30-day grace period, coverage will cease automatically and terminate upon the last day of the 30-day grace period. A final termination notice will be sent to the Employer group and associated employees if full premium due is not received on or before the expiration of the 30-day grace period. Pursuant to California's State Accounting Manual's collection policies, Covered California will send a sequence of three collection letters at 30 day intervals. If a response to the third letter is not made within 30 days, CCSB will pursue other collection methods which include and are not limited to assigning the debt to a third-party collection agency.

See State Accounting Manual (SAM) section 8776.6.

Premium payments should be sent to the following billing address:

Covered California/CCSB
P.O. Box 740167
Los Angeles, CA 90074-0167

Dishonored checks, stopped payments, or non-sufficient funds could result in delinquency of payment if proper payment for the total amount due is not received by the due date indicated on the invoice. Covered California for Small Business will apply a \$25 return fee for any of the accepted payment methods that result in insufficient funds. Any enrollment or eligibility changes made and not reflected on your monthly invoice will be made on your following month's invoice.

ENROLLING YOUR EMPLOYEES

Annual Election and Open Enrollment Period

Open Enrollment is the time of year when your small business is eligible to change its offer of health coverage to employees. Covered California for Small Business will send you a written notice of your plan renewal and annual election period 60 days prior to the completion of your plan year. During this time, you can explore plan options and make necessary reference plan and/or contribution changes to your health coverage (See [Making Changes to Your Health Coverage](#)). The election period for you to make changes to your offer of coverage is at least 20 days in length, beginning on the day that Covered California for Small Business sends you the written notice of your annual employer election period.

Once you have made your health coverage changes, if any, you can start an open-enrollment period for your employees to make their health plan selections for the upcoming plan year. The open-enrollment period for your employees must be at least 20 calendar days in length. During Open Enrollment, employees can review their plan options, discuss buying decisions with their family and make plan changes for your upcoming plan year. They may also add and terminate eligible dependents.

Open Enrollment Notifications

At the start of your annual open-enrollment period, Covered California for Small Business will provide you with a renewal packet that includes instructions for renewing your health or dental plan, making plan changes, and provide renewal sheets for each employee with information about his or her existing coverage and premium rate changes. The renewal packet will also include both an Employer and Employee Change Request Form that you and your employees must use to make changes to your health coverage.

Once you receive a renewal packet from Covered California, it is your responsibility to notify your employees and any Federal COBRA (see [COBRA Health Plan Administration](#) on pg. 22) participants of:

- Their right to change their health and dental coverage during Open Enrollment
- The start and end dates of your open-enrollment period
- Your contribution amount toward their employee premium

You are responsible for notifying your eligible employees of the availability of health and dental plans offered through Covered California for Small Business and that are available in your rating region. It is important that you provide both the renewal sheets and the Employee Change Request Form to your employees during Open Enrollment. In addition, it is important to emphasize that unless an employee experiences a qualifying event, employees will not be able to make changes to their coverage after your annual open-enrollment period.

Did You Know?

Eligible employees may choose to enroll in a dental-only plan, even if they do not elect a health plan, if they have a valid waiver of coverage. A valid waiver would include health coverage through another employer, a union, the military, Medicaid, Medicare or other federal or state health coverage programs other than coverage through a Qualified Health Plan (QHP) sold in the Individual Exchange.

You are also responsible as a health plan sponsor for providing certain health plan documents to your enrolled employees. This includes making Summary of Benefits and Coverage (SBC's), and health plan change summary documents available for your employees to use and reference. If an eligible employee declines or "waives" coverage, the employee must indicate they are declining coverage and state any other sources of coverage by completing and signing the Declination Acknowledgement on the Change Request Form for Employees.

For your convenience, Covered California for Small Business has posted these important documents to our website and can be found at:

Plans

CoveredCA.com/ForSmallBusiness/Plans

Application

coveredca.com/for-small-business/apply/PDFs/CCSB-Employee-Application.pdf

Employer and Employee Change Request Forms should be submitted by the employer to Covered California for Small Business using one of the following submission methods below:

U.S. Mail

Covered California for Small Business
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

It is important that Covered California receive your health coverage changes no later than the 15th of the month prior to your plan year renewal date to ensure your employees receive new ID cards by the start of your plan year. Changes received after that date may result in processing delays. Employees wishing to change carriers must do so prior to the renewal month.

Plan changes submitted thru the 15th day of the renewal month will be effective retroactively to the 1st of the *current* month. CCSB will process plan changes submitted after the 15th day of the renewal month effective the 1st of the following month. **Note that plan changes made during the first 30 days of the renewal month must be within the same carrier.**

New Hire Enrollment

Employees added during the plan year are guaranteed coverage until the end of your plan year. A new hire is eligible for coverage the first day of the month after completion of your company's waiting period. You choose the waiting period that is right for your business, but the total waiting period cannot exceed 90 calendar days¹. A newly eligible employee shall have a 30-day period to enroll in a qualified health plan beginning on the first day the employee becomes eligible.

After initial enrollment, plan changes submitted thru the 15th day of the first coverage month will be effective retroactively to the 1st of the current month unless otherwise requested. CCSB will process plan changes submitted after the 15th day of the first coverage month for the 1st of the *following* month. **Note that plan changes made during the first 30 days of coverage must be within the same carrier.**

1. Waiting Periods must be in compliance with 42 U.S.C. Section 300gg-7 and applicable state law.

Deciding on a Waiting Period

The new hire waiting period for coverage cannot exceed 90 calendar days from the first day of your new hire's employment counting as day one. Since coverage begins on the first day of the month, you will want to choose a waiting period that is in compliance with the maximum 90-day time frame:

For example, the following two scenarios would be in compliance:

- First of the month following 60 days from the date of hire;
- First of the month following the date of hire

When your employee is eligible to enroll in your Covered California for Small Business health plan, you may give the new employee an Employee Change Form. This will allow your new hire to begin the open-enrollment process. New employees should complete and submit an Employee Change Request Form prior to effective date, but no later than within 30 days of the first day they become eligible. Employee Change Request Forms can be found at:

CoveredCA.com/ForSmallBusiness/Resources and should be submitted using one of the following submission methods below:

U.S. Mail

Covered California for Small Business
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

It is our aim to connect your employees with health insurance as quickly and easily as possible. Generally, 10 calendar days are needed to process the change request forms for both you and your new employee provided the application information is complete. Application processing times include employer and employee eligibility verification. Submitting applications that are incomplete or have inconsistencies may delay processing times. Covered California will notify your employee of these inconsistencies and notification of an eligibility determination (See [Employee Eligibility & Verification](#) on pg. 9).

Qualifying Life Events – Special Open Enrollment Window

Employees and their dependents can enroll outside of open enrollment if they experience a qualifying life event. Qualifying life events allow employees, spouses and/or their dependent(s) to be eligible for health care benefits outside the annual open-enrollment period. If an employee waives coverage during Open Enrollment, they must either wait for the next annual open-enrollment period or have a qualifying event in order to be enroll in your group health coverage.

A list of qualifying events that would start a special enrollment period can be found in the following table. For more information on qualifying events, please visit CoveredCA.com.

LIFE EVENT	TIME FRAME FOR APPLICATION	WHO CAN ENROLL?
Termination of Employment (ex-employee now eligible for a special enrollment as a dependent under a spouse's plan)	30 days from the last day of coverage	Employee (in this case, the employee is the still-employed spouse), spouse (who was terminated) and child dependents
Divorce, Legal Separation, or Loss of Dependent Status (dependent spouse or child loses coverage under subscriber's plan)	30 days from the last day of coverage	Employee plus dependents
Enrollee Loses a Dependent (spouse or child through death, divorce or legal separation)	30 days from the last day of coverage	Employee plus dependents
Death of the employee's spouse/registered or unregistered domestic partner (dependents lose coverage under deceased subscriber's plan)	30 days from the last day of coverage	Employee plus dependents
Reduction in Hours that led to ineligibility for benefits (makes the employee who lost eligibility, eligible for a special enrollment as a dependent under a spouse's plan)	30 days from the last day of coverage	Employee (in this case, the employee is the employed spouse), spouse (who lost eligibility) and child dependents
Qualified Health Plan Decertification	30 days from the last day of coverage	Employee plus all enrolled dependents
Loss of Pregnancy-related Coverage	30 days from the last day of coverage	Employee plus dependents
Loss of Medi-Cal Coverage	60 days from the last day of coverage	If employee loses, employee plus dependents. If dependent loses, dependent only.
Gains a Dependent (child, marriage, domestic partnership)	30 days from the event (marriage, domestic partnership decree, birth, adoption, foster care placement, QMSCO)	Employee plus all dependents (adult and child)

COBRA/Cal-COBRA Exhaustion (as opposed to termination for non-payment)	30 days from the last day of coverage	If employee exhausts, employee plus all dependents. If dependent exhausts, dependent only.
Erroneous Enrollment in a Qualified Health Plan	30 days from the last day of coverage in the wrong plan	Enrollee(s) who experience the error
Qualified Health Plan Misconduct	30 days from the last day of coverage in the QHP at issue	Employee plus all dependents
New Access to a Qualified Health Plan due to a permanent move, assuming that prior to the move, the enrollee had one or more days of MEC in the 60 days prior to the move, unless the enrollee was living outside of the US or was living in a US territory	30 days from the date the new access began	Employee plus all dependents
Loss of Access to a Qualified Health Plan because of a permanent move (moving out of an HMO service area)	30 days from the last day of coverage in the lost QHP	Employee plus all dependents
Released from Incarceration	30 days from the date of release	Employee plus all dependents
Returning from Active Duty	30 days from the date of return	Employee plus all dependents
An American Indian (allowed to change plans once per month, every month)	30 days advance notice for every month they want to make a change	Employee plus all dependents
Other Exceptional Circumstances on a case-by-case basis	30 days from the date of the event or last day of coverage, depending upon the circumstances. Consult with a CCSB representative.	Determined on case-by-case basis

TERMINATING COVERAGE

Terminating Your Small Business Coverage

To terminate health coverage for your company, you must provide written notice to Covered California for Small Business prior to the end of the month in which coverage should end. For notifications received before the 15th of the month, terminations will become effective the end of the month in which it was received. Terminations received after the 15th of the month will become effective the end of the following month. Employees enrolled in health plan will also receive notification from CCSB of discontinuation of health coverage within 15 days from the employer's written notice to CCSB. Such notification will provide information about other potential sources of coverage, including access to individual market coverage through the Exchange.

Terminating Coverage for an Employee or Dependent

To terminate coverage for an employee that has left employment or is ineligible, please complete the Employer Change Form. If an employee would like to terminate their own coverage and/or the coverage of a dependent, the employee must complete the Change Request Form for Employees.

The coverage termination effective date for an employee and his/her dependents is based on the reason as outlined below:

TERMINATION REASON	TERMINATION EFFECTIVE DATE
Death	The date of death.
Termination of Employment	The last day of the month in which eligibility changed.
Ineligible	The last day of the month in which eligibility changed.
Employee Request	The last day of the month in which an employee requests termination or a date in a subsequent month specified by the employee as long as the date is the last day of the month.
Did Not Apply for Coverage During Open Enrollment	The last day of the current plan year.

An earlier effective date of termination may be determined on a case-by-case basis by CCSB and the QHP. However, the effective date of termination may be no other date other than the last day of the month. Employer and Employee Change Request Forms can be found at:

CoveredCA.com/ForSmallBusiness/Resources and should be submitted using one of the following submission methods below:

U.S. Mail

Covered California for Small Business
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

Please allow 10 calendar days for the processing of Employer or Employee Change Request Forms. Covered California for Small Business will mail the terminated employee or dependent a notice of termination. The former employee may be eligible for COBRA continuation coverage.

COBRA allows certain former employees and other participants such as retirees, spouses, former spouses, and dependent children the right to continuation of health coverage of your company's health plan rates. COBRA coverage, however, is only available when health coverage is lost due to a COBRA qualifying event.

COBRA HEALTH PLAN ADMINISTRATION

COBRA Health Plan Administration

The Consolidated Omnibus Budget Reconciliation Act (**COBRA**) offers employees and their dependents who lose their health benefits the opportunity to continue their coverage under the employer's health benefit plan for limited periods of time under certain qualifying events such as voluntary or involuntary job loss for any reason other than gross misconduct, reduction in the hours worked, death, divorce, and other qualifying life events.

If a former employee elects to continue the group health insurance, the coverage given will be the same coverage that is currently available to active employees and their families as well as the same benefits, choices, and services such as:

- The rights to open enrollment to choose among available coverage options;
- The rights to add qualified beneficiary dependents;
- The rights to remove dependents voluntary; and
- The rights to remove dependents when they are no longer eligible for coverage.

There are two types of COBRA offered. The type of COBRA that your company qualifies for is determined by the size of your company. Covered California for Small Business administers Cal-COBRA benefits on behalf of the employer group, Federal COBRA benefits are administered by the employer group.

Federal COBRA provides continuation of coverage for individuals under employer group health plans that have 20 or more employees. Federal COBRA is administered by the employer as a health plan sponsor or by a Third Party Administrator (TPA) that you hire to perform this service for you. For more information on Federal COBRA coverage, please contact your TPA or visit <https://www.dol.gov/general/topic/health-plans/cobra>.

Note: Employer will receive a different invoice for Federal COBRA participants, requiring a separate payment for these individuals.

Cal-COBRA provides continuation of coverage for individuals under employer group health plans that have 2 to 19 employees. Cal-COBRA is administered by Covered California for Small Business on your behalf. Covered California for Small Business may also administer the Cal-COBRA extension for coverage expiring under Federal COBRA.

COBRA TYPE	WHO QUALIFIES?	WHO ADMINISTERS?
Federal COBRA	Employers with 20 or more employees	Employer or an employer hired Third Party Administrator (TPA)
Cal-COBRA	Employers with 2-19 employees	CCSB

COBRA Qualified Beneficiaries

A qualified beneficiary is an individual who was covered by a group health plan on **the day a qualifying event occurred that caused him or her to lose coverage**. Only certain individuals can become qualified beneficiaries due to a qualifying event, and the type of qualifying event determines who can become a qualified beneficiary when it happens. A qualified beneficiary must be a covered employee, the employee's spouse or former spouse, or the employee's dependent child. In certain cases involving the bankruptcy of the employer sponsoring the plan, a retired employee, the retired employee's spouse or former spouse, and the retired employee's dependent children may be qualified beneficiaries. In addition, any child born to or placed for adoption with a covered employee during a period of continuation coverage is automatically considered a qualified beneficiary. An employer's agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.

COBRA Qualifying Events

COBRA qualifying events cause an individual, whether an employee, spouse or dependent, to lose health coverage. The type of qualifying event determines the qualified beneficiaries and the amount of time that health coverage must be offered under COBRA. The following table below shows the specific qualifying events, the qualified beneficiaries who are entitled to continuation of coverage, and the maximum period of continuation of coverage that must be offered based on the type of qualifying event.

QUALIFYING EVENT	QUALIFIED BENEFICIARIES	FEDERAL COBRA LENGTH OF COVERAGE	CAL-COBRA LENGTH OF COVERAGE
Voluntary or involuntary termination of employment (for reasons other than gross misconduct) or reduction of employment hours	Employee Spouse Dependent Child	18 months	36 months*
Employee becomes entitled in Medicare	Spouse Dependent Child	36 months	36 months**
Divorce or legal separation	Spouse Dependent Child	36 months	36 months
Death of employee	Spouse Dependent Child	36 months	36 months
Loss of "dependent child" status	Dependent Child	36 months	36 months

*In certain circumstances, qualified beneficiaries entitled to the 18 months of continuation of coverage may become entitled to disability extension for an additional 11 months (for a total of 29 months) or an extension of 18 months (for a total of 36 months). The Social Security Administration (SSA) determines the qualified beneficiary before the 60th day of continuation of coverage which the qualifying event occurs.

**The continuation of coverage may vary due to when the employee becomes entitled to Medicare prior to or after the end of the covered employee's employment or reduction of hours of employment.

Events That Do Not Qualify for COBRA

Certain events may cause loss of coverage but do not qualify for COBRA continuation. These non-qualifying events include when an employee:

- Waives coverage
- Fails to elect within the 60 day timeframe to elect COBRA continuation coverage
- Voluntarily removes their dependent's coverage
- Is terminated due to gross misconduct

Your Federal COBRA Notification Responsibilities

Under Federal COBRA, employers must provide qualified beneficiaries and their families certain notices explaining their COBRA rights, how to elect COBRA, and when it can be terminated in a timely manner when they experience a loss of health coverage.

COBRA Election Notices

For employers that qualify for Cal-COBRA (2 to 19 employees), Covered California for Small Business will send all notifications to your terminated employees on your behalf.

For employers that qualify for Federal COBRA (20 or more employees), you or your hired TPA must send your former employee their Federal COBRA Notification & Rights with a Federal COBRA Election Form within 14 days of their health coverage termination. The purpose of this notification is to inform your employee of their COBRA qualifying status and the rules and regulations of the COBRA Continuation Coverage.

For more information on federal COBRA coverage, please visit dol.gov/general/topic/health-plans/cobra.

How Should I Process A Federal COBRA Election Form?

When you receive a Federal COBRA election form within the 60-day election period and the premium payment to bring the account current, notify Covered California for Small Business immediately of the election by submitting the COBRA Election Form via:

U.S. Mail

Covered California for Small Business
Attn: COBRA Dept.
P.O. Box 7010
Newport Beach, CA 92658

Fax

949-809-3264

Depending on the arrangement that you have for your Federal COBRA administration if applicable, Covered California for Small Business will work with you and/or your administrator to invoice and collect premium remittance.

Employee Termination Notices

CCSB will administer termination of coverage notices for Cal-COBRA participants.

Employers that qualify for Federal COBRA are responsible for notifying a current COBRA participant directly when their COBRA health coverage has terminated.

The termination notice should be sent to the employee's last known address following:

- Failure to submit their premium payment on time
- Your termination of employee health coverage
- Your COBRA participant starting coverage with another group plan
- Your COBRA participant starting coverage with Medicare
- Your COBRA participant's request for termination

Employee COBRA Notifications

Your former employee or eligible dependents must notify you or Covered California for Small Business, whichever is applicable, of their COBRA election within 60 days of their qualifying event. Failure to provide notification will result in their loss of health coverage continuation rights.

COBRA Coverage Payment

If a qualified beneficiary elects to continue health benefits within 60 days of their qualifying event, the initial premium payment must be made within 45 days after the date of the COBRA election. The beneficiary is responsible for the total cost of COBRA which will be 100% of the total contribution premium plus a 2% administration fee (Not to exceed 102% of the premium cost). Qualified beneficiaries receiving the additional 11 months disability extension will experience an increased premium up to 150% of the total premium cost during those 11 months. Any person or entity can pay COBRA contributions for a qualified beneficiary; however, it is the qualified beneficiaries' responsibility to ensure that payment is made in a timely manner.

All premium payments are due prior to the first day of the month of coverage. Participants have a 30-day grace period by which to remit premium. The payment must be postmarked by the 30th of the current month or coverage will be terminated with no reinstatement option.

COBRA Termination

Coverage begins on the date that a loss of other coverage occurred and will end at the end of the maximum COBRA period. Coverage may end earlier if premiums are not paid on a timely basis, if you choose not to maintain your group health plan, or your former employee obtains other coverage after COBRA is elected.

Employers that qualify for Federal COBRA must also send a termination notice to COBRA participant's last known address for any of the following termination reasons:

- Failure to pay premiums in full on a timely basis;
- The employer cease to maintain group health coverage for employee;
- Participant begins coverage with another group plan;
- Participant becomes entitled to Medicare;
- Participant engages in health insurance misconduct or fraud; or
- Participant submits request for termination.

SMALL BUSINESS TAX CREDITS

Small Business Tax Credits

The Patient Protection and Affordable Care Act (ACA) offers eligible small business owners access to federal tax credits that make providing employee health insurance more affordable. Small businesses may qualify for a federal tax credit that reimburses up to 50 percent of their employee premium contribution if they purchase coverage through Covered California for Small Business.

The tax credit amount depends on a number of factors including the number of full-time employees and the amount contributed towards health insurance premiums. Generally, small businesses that have fewer than 25 full-time equivalent employees and pay an average annual salary of less than \$50,000 per year (adjusted annually for inflation) will be eligible for the tax credit. Employers with fewer than 10 full-time equivalent employees with wages averaging less than \$25,000 per year will be eligible for the maximum tax credit amount. The maximum available tax credit is 50 percent of insurance premium expenses and is available for a total of two consecutive years. Tax credits are also available for qualifying nonprofit or tax-exempt employers. Nonprofit or tax-exempt employers must meet the same eligibility criteria; however, their maximum tax credit amount will be somewhat lower.

To assist you in estimating the small business tax credit for your business, a tax credit calculator is available at CoveredCA.com/ForSmallBusiness. You can use this calculator to help determine if you qualify for the federal tax credit and to estimate your tax credit amount. Covered California also encourages you to visit IRS.gov and to contact your tax professional for additional information or assistance.

CONTACT COVERED CALIFORNIA FOR SMALL BUSINESS

Contact CCSB

Covered California for Small Business is committed to supporting your small business health insurance program. CCSB invites you and your employees to contact us or your Certified Insurance Agent with any questions or concerns. You may also visit the Covered California for Small Business website at CoveredCA.com/ForSmallBusiness for access to additional resources that may be useful to you.

These online resources include:

- Tax Credit Calculator
- Resources for Participating Employers, including
 - Employer & Employee Change Request Forms
 - COBRA Forms & Notices
 - Appeal and Complaint Forms
 - Health & Dental Plan Resources
 - Contact Information
- Information about the Employer Mandate
- Latest News and Articles
- Locate a Certified Insurance Agent

If there are additional questions, or if you should need assistance with the application or enrollment process, please contact your Certified Insurance Agent or the Covered California for Small Business' Service Center at (855) 777-6782 for assistance.

CCSB HEALTH & DENTAL INSURANCE COMPANIES

Health Insurance Companies

Blue Shield of California

<http://www.blueshieldca.com>

(855) 836-9705

Chinese Community Health Plan (CCHP)

www.cchphealthplan.com

(888) 775-7888

Health Net

www.healthnet.com

(877) 288-9082

Kaiser Permanente

www.kp.org

(800) 464-4000

Sharp Health Plan

www.sharphealthplan.com

(800) 359-2002

Dental Insurance Companies

California Dental Network

www.caldental.net

(877) 433-6825

Delta Dental of California

www.deltadentalins.com

DPPO: (800) 471-0287

DMHO: (800) 471-7583

Dental Health Services

www.dentalhealthservices.com/CA

(855) 495-0905

Liberty Dental Plan

www.libertydentalplan.com/coveredca

(888) 844-3344

ADDITIONAL RESOURCES

Office of the Patient Advocate

Visit <http://www.opa.ca.gov> or by phone at **(866) 466-8900**.

This state agency provides a great overview of the health care industry, with a glossary of terms, patient rights, and a step-by-step guide that shows consumers how to deal with a problem or file a complaint against their health insurance company. This agency does not file complaints against health insurance providers, but it can tell consumers what state agencies can help.

California Department of Managed Health Care (DMHC)

Visit <http://www.dmhc.ca.gov> or by phone: **(888) 466-2219**.

This state agency oversees HMOs and some PPOs. Consumers can contact the DMHC if they've filed a complaint against their health insurance company because it denied coverage based on lack of medical necessity or if a treatment is being considered experimental or investigational in nature. This agency administers what's called an "Independent Medical Review."

If their situation qualifies, an independent physician will review the health insurance company's decision and has the power to overturn that decision. The IMR is a free service available to anyone in California enrolled in a managed care health plan. This agency has the power to file a "standard complaint" against a health insurance company about a coverage denial and can overturn the company's decision.

California Department of Insurance (CDI)

Visit <http://www.insurance.ca.gov> or by phone at **(800) 927-4357**.

This state agency handles complaints against PPOs and it functions just like the Department of Managed Health Care. Consumers can file a complaint with the CDI against their PPO carrier if coverage was denied based on lack of medical necessity or if a treatment is being considered experimental or investigational in nature. This agency administers what is called an "Independent Medical Review" (IMR). If their situation qualifies, an independent physician will review the health insurance company's decision and has the power to overturn that decision. The IMR is a free service available to anyone in California enrolled in a managed care health plan. This agency has the power to file a "standard complaint" against a health insurance company about a coverage denial and can overturn the company's decision.