

# Small Group Eligibility Cheat Sheet

## **Both Sanford & Wellmark Require at Least One W-2 Employee on the Plan**

Owner-only plans are not eligible if the business is a sole proprietorship. The group must be filing as an LLC, Corp, Partnership, etc., and the Owner must be receiving a W-2 or K-1 if they are the only ones who want to enroll.

If owners or shareholders want to be part of the health plan along with the W-2 employee(s) tax paperwork must be provided.

## **Required Eligibility Paperwork**

### **Allowed Eligibility Paperwork**

- Prior year W-3 & W-2
- W-4 & New Hire Reporting Form
- Most recent Quarterly Unemployment Tax & Wage Report (Form 21)
- Schedule K-1 (Form 1065) – Must equate to 100%

### **Prohibited Eligibility Paperwork**

- Payroll Reports
- Employer's Quarterly Tax Return (Form 941)
- Schedule C\* (Form 1040)  
*\*Allowed if W-2 employee enrolls*

## **Quarterly Wage & Tax Form**

In South Dakota called "Employer's Quarterly Contribution, Investment Fee and wage report South Dakota Department of Labor and Regulation, Unemployment Insurance Division."

The form must include the group name and the reconciled employee listing.

### **All employees listed on the form must be accounted for using the following codes:**

- C = Cobra
- ETC = Eligible taking coverage
- NE = Not Eligible
- R = Retiree
- T = Terminated
- W = Waiving coverage

### **Examples:**

- Jane Doe – W
- John Doe – ETC
- Jimmy Smith – NE
- Dave Johnson – W

## **Owner K-1 Documentation**

If submitting Schedule K-1 documents all 100% of shares must be accounted for and reconciled (see above quarterly notes and use the same codes)

### **Examples:**

- John Doe 75% shares (ETC)
- Jane Doe 25% shares (W)

**Newly Filed Groups – Groups filed within 12 months with the Secretary of State**

- South Dakota Secretary of State Filing
- IRS EIN Welcome Letter
- W-4 & New Hire Reporting Form
  - or prior year W-3 & all W-2s (enrolling or waiving)
  - or most recent SD Quarterly Unemployment Tax & Wage Report (Form 21)

**Established Groups – Groups filed over 12 months ago with the Secretary of State**

- South Dakota Secretary of State Filing
- SD Quarterly Unemployment Tax & Wage Report (Form 21)
  - or prior year W-3 & all W-2s (enrolling or waiving)
- W-4 & New Hire Reporting Form for new hires not on Form 21 or W-3
- Prior year K-1 equating to 100% of shares

**Sole Proprietors**

- The account must have at least one full-time, common-law employee (other than sole proprietor owner/spouse or non-bona-fide partner/spouse) enrolling in coverage.
- SD Quarterly Unemployment Tax & Wage Report (Form 21)
  - or prior year W-3 & all W-2s (enrolling or waiving)
- Owner's Schedule C

**Businesses that Qualify for Small Group Coverage**

Who is Enrolled	Sole Proprietor	Partnerships	S Corp	C Corp	LLC
One non-employee owner/spouse. No other eligible employees (EEs)	No	No	No	No	No
One owner/spouse who is an employee or bona fide partner, no other EEs.	No	Yes	Yes	Yes	Yes
Any type of owner and at least one other eligible employee	Yes	Yes	Yes	Yes	Yes
At least one non-owner common-law employee	Yes	Yes	Yes	Yes	Yes