

For brokers, general producers and full-service producers

*Not intended for distribution to groups or members*

Date: July 3, 2018

Market: All

## Virginia Bill Revises Definition of “Small Group Employer” Effective July 1

**Beginning July 1, 2018, Virginia is expanding its definition of “small employer” to include self-employed individuals.\***

The revised definition allows a sole proprietor of a corporation or a sole member of a limited liability company (LLC)– or an immediate family member (W2 verification needed) of such sole proprietor or sole member—to count as an employee of the corporation or LLC, provided that the individual has performed a service for payment under a contract of hire. As a result, a sole proprietor or other self-employed person or their family member may now qualify for a small employer plan.

*\*In Virginia, a “self-employed individual” is an individual who;*

- *derives a substantial portion of their income from a trade or business operated by the individual as a sole proprietor, through which the individual has attempted to earn taxable income, and for which*
- *they have filed the appropriate Internal Revenue Service Form 1040, Schedule C or F, for the previous taxable year. (Supporting documentation must be submitted along with other required group documents.)*

### Processing notes

#### Short-term, retroactive allowance

For an effective date of July 1, 2018, CareFirst will allow an enrollment period for sole proprietors based in Virginia to enroll in small employer group coverage until July 18, 2018.

#### Effective until otherwise notified

While business processes are being updated to accommodate this Virginia legislation, when you sell any of the below, please inform your **small group new business sales representative**.

- sole proprietor business and/or spouse,
- S corporation or LLC business with a Full-time Equivalent (FTE) of one

CareFirst is tracking all business sold per this expanded legislation for purposes of calculating medical loss ratio (MLR). Thank you in advance for your assistance.

If you have any questions, please contact your **small group new business sales representative**.

Sincerely,



Timothy Matthews  
Vice-President, Sales  
Small-Medium Group SBU