

Calculation of group size

The definition of a small employer requires the group size to be determined by adding together the number of full-time employees (i.e., those working a minimum of 30 hours per week on average) and full-time equivalent (FTE) employees, the majority of whom were working in California for 50% of the prior calendar quarter or 50% of the prior calendar year. Seasonal workers, temporary workers, leased employees, contractors, and those on COBRA are not counted. However, any group with 100 or fewer employees on their quarterly wage and withholding report (DE9C) cannot be Large Group, so this calculation does not need to be performed unless a group has 101 employees or more on its DE9C. Health Net of California, Inc. and Health Net Life Insurance Company (Health Net) will not perform this calculation on behalf of the employer, but will require the employer to fill out an attestation form attesting to the fact that they have performed the calculation to determine group size using one of the methods described below.

50% of the prior calendar quarter test

To determine the number of full-time equivalents using the 50% of the prior calendar quarter test, add up the total numbers of hours worked by all non-full-time employees (i.e., those working less than 30 hours per week on average) over the course of 6 weeks during the calendar quarter prior to the quarter for which coverage is being requested, and divide that number by 180. If your calculation does not come out to a whole number, round down.

Formula:

Total # of full-time employees + (Total # non-full-time employees' hours worked / 180)

Example 1:

An employer has applied for coverage effective March 1 and has submitted the prior year Q4 DE9C and 6 weeks of payroll from the same time period. There are 90 full-time employees, and the non-full-time employees worked 900 hours over the course of 6 weeks. Group size is calculated as follows:

$$90 + (900 / 180) = 90 + 5 = 95.$$

In this example, there are fewer than 101 employees, so the group is eligible for Small Group coverage.

Example 2:

An employer has applied for coverage effective February 1 and has submitted the prior year Q4 DE9C and 6 weeks of payroll from the same time period. There are 95 full-time employees, and the non-full-time employees worked a total of 1,200 hours over the course of 6 weeks. Group size is calculated as follows:

$$95 + (1200 / 180) = 95 + 6.67 = 101.67 = 101$$

In this example, there are 101 employees, so the group is not eligible for Small Group coverage.

50% of the prior calendar year test

To determine the number of full-time equivalents using the 50% of the prior calendar year test, add up the number of hours worked by all non-full-time employees (i.e., those working less than 30 hours per week on average) over the course of a month and divide that number by 120. That is your FTE calculation for one month. Perform that calculation for 6 months during the prior calendar year and divide that number by 6. If your calculation does not come out to a whole number, round down. That is your FTE calculation for 50% of the prior calendar year.

Formulas:

Total # of full-time employees + (Total # non-full-time employees' hours worked / 120)

(Employee count for Month 1 + Month 2 + Month 3 + Month 4 + Month 5 + Month 6) / 6

Example 1:

An employer has applied for coverage effective January 1 and has submitted the prior year Q2 and Q3 DE9Cs and 26 weeks of payroll from the same time period. It is determined there were 87 full-time employees in April, 94 in May and June, 92 in July, and 93 in August and September. It was also determined that the non-full-time employees worked 1,000 hours in April, 900 hours in May, 950 hours in June, 1,100 hours in July, 1,050 hours in August, and 1,200 hours in September. Group size is calculated as follows:

April 2015 $87 + (1000 / 120) = 87 + 8.33 = 95.33$

May 2015 $94 + (900 / 120) = 94 + 7.5 = 101.5$

June 2015 $94 + (950 / 120) = 94 + 7.9 = 101.9$

July 2015 $92 + (1100 / 120) = 92 + 9.17 = 101.17$

August 2015 $93 + (1050 / 120) = 93 + 8.75 = 101.75$

September 2015 $93 + (1200 / 120) = 93 + 10 = 103$

$(95.33 + 101.5 + 101.9 + 101.17 + 101.75 + 103) / 6 = 604.65 / 6 = 100.78 = 100$

In this example, there are fewer than 101 employees, so the group is eligible for Small Group coverage.



1. Employer group information

Company name: _____

DBA: _____

Phone number: _____

2. Attestation

Note: The information provided is to help you determine your group’s size using the same calculation to determine employer liability under the “Shared Responsibility for Employer” provisions of the ACA and the Internal Revenue Code. Pursuant to the ACA, California has adopted the federal definition of who is an employee for purposes of determining your group’s correct market segment (e.g., Large Group or Small Group).

Indicate how many full-time benefit eligible employees you have: _____

Indicate how many full-time employees, including full-time equivalents (FTEs), you employed in the most recent calendar year based on available information. _____

How did you determine group size? Prior calendar quarter Prior calendar year

Indicate your market segment for the upcoming coverage period (based on most recent calendar year employee figures):

My company meets the definition of a “**small employer**” for the upcoming coverage period.

My company meets the definition of a “**large employer**” for the upcoming coverage period.

A “**large employer**” must employ at least 101 full-time employees, including full-time equivalents, on business days during the preceding calendar year.

3. Employer group signature

I certify the above information is true and complete to the best of my knowledge and belief. Health Net of California, Inc. and Health Net Life Insurance Company (Health Net) reserve the right to request additional documentation in order to verify eligibility.

Name (print): _____ Title (print): _____

Signature: _____ Date: _____