

New small group eligibility guide

The purpose of this tool is to help verify that your client’s small business qualifies for small group coverage, as defined under California small group law.¹

All businesses require at least 2 documents: 1 to validate the business, a second to validate the employer/employee relationship, and potentially a third to validate ownership.²

In some cases, ADDITIONAL documentation may be needed to validate owners or officers.

Please note: Sole proprietors and partners are ineligible to enroll without a W-2 employee. It doesn’t include a sole proprietor owner, partners, their spouse, or legal domestic partner.

ALL businesses are required to provide a DE 9C and/or payroll in order to validate the employer/employee relationship³

Type of business	Required to Validate Business	Required to Validate Business Ownership (for enrolling owners not appearing on the DE9C/Payroll, or appearing with low wages on DE9C/Payroll)
Sole Proprietorship	<ul style="list-style-type: none"> • Business License OR • Fictitious business name filing OR • Schedule C 	<ul style="list-style-type: none"> ◦ Business license (with owner’s name on the document) ◦ Fictitious business name filing ◦ Schedule C
Qualified Joint Venture	<ul style="list-style-type: none"> • Business License OR • Fictitious business name filing OR • Schedule C and 1040 form 	<ul style="list-style-type: none"> ◦ Jointly filed current 1040⁴ and Schedule C/F ◦ Business license
Corporation	<ul style="list-style-type: none"> • Active web confirmation⁵ 	<p>One or more of the following, listing enrolling corporate officers:</p> <ul style="list-style-type: none"> ◦ Statement of Information ◦ Tax Form 1120 with Schedule 1125-E (for C Corporation) ◦ Schedule K-1 1120S (for S Corporation)
Corporation – (Foreign)	<ul style="list-style-type: none"> • Active web confirmation^{5,6} 	<p>One or more of the following, listing enrolling corporate officers:</p> <ul style="list-style-type: none"> ◦ Statement and Designation by Foreign Corporation ◦ Statement of Information (foreign)⁵ ◦ Tax Form 1120 with Schedule 1125-E (for C Corp) ◦ Schedule K-1 1120S (for S Corp)
Partnership	<ul style="list-style-type: none"> • Schedule K-1 (Form 1065) OR • Statement of Partnership Authority (filed) • General Partnership Agreement⁷ and Federal Tax ID Appointment letter 	<p>One or more of the following, listing enrolling partners:</p> <ul style="list-style-type: none"> ◦ Schedule K-1 (Form 1065) ◦ Statement of Partnership Authority (filed) ◦ General Partnership Agreement⁷ and Federal Tax ID Appointment letter
Limited Partnership (LP)	<ul style="list-style-type: none"> • Active web confirmation 	<p>One or more of the following, listing enrolling partners:</p> <ul style="list-style-type: none"> ◦ Schedule K-1 (Form 1065) ◦ Certificate of Limited Partnership
Limited Partnership (LP) – (Foreign)	<ul style="list-style-type: none"> • Active web confirmation with jurisdiction⁸ 	<p>One or more of the following, listing enrolling partners:</p> <ul style="list-style-type: none"> ◦ Registration Form #LP-5 Application for Registration ◦ Schedule K-1 (Form 1065) ◦ Partnership Agreement

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Limited Liability Partnership (LLP)	<ul style="list-style-type: none"> Schedule K-1 (Form 1065) OR State-certified application to register an LLP 	<p>One or more of the following, listing enrolling partners:</p> <ul style="list-style-type: none"> Schedule K-1 (Form 1065) State-certified application to register an LLP Partnership Agreement and Federal Tax ID Appointment letter
Limited Liability Partnership (LLP) – (Foreign)	<ul style="list-style-type: none"> LLP-1 Registration Form & Certificate of Good Standing OR Certificate of Qualification 	<p>One or more of the following, listing enrolling partners:</p> <ul style="list-style-type: none"> Tax forms Partnership Agreement
Limited Liability Company (LLC)	<ul style="list-style-type: none"> Active web confirmation⁹ 	<p>One or more of the following, listing enrolling LLC member:</p> <ul style="list-style-type: none"> Statement of Information (filed) Schedule C Schedule K-1 (1120S) Schedule K-1 (Form 1065) Tax Form 1120 with Schedule 1125-E
Church	<ul style="list-style-type: none"> IRS letter 501c3 OR Application for Recognition of Exemption (Form 1023) OR Active web confirmation (nonprofit) 	<p>The following, to validate exempt employees:</p> <ul style="list-style-type: none"> Letter from church¹⁰
Nonprofit	<ul style="list-style-type: none"> Active web confirmation (nonprofit) OR IRS letter 501c3 OR IRS application for exempt status 	<p>All enrolling employees documented on DE9C or Payroll</p>

¹California Small Group legal requirements include the California Small Group Reform Act of 1992 (AB 1672), as amended by AB 1083, set forth in the California Health and Safety Code starting with Section 1357.

²All enrolling proprietors, partners, or corporate officers not on payroll must be linked to the company, so more than one form may be submitted (for example, if multiple partners are listed on separate forms or business validations).

³A DE 9C isn't required for groups enrolling a minimum of 6 or more subscribers. Two weeks of payroll or the *Payroll Attestation* may be submitted in lieu of a DE 9C for a new business (start-up, breakaway or establishing payroll from an existing business) that doesn't have 2 weeks of payroll. Please refer to our Broker and Producer Guidelines for additional details. The *New Employee Eligibility* form may be submitted in lieu of payroll for employees hired in the last 45 days.

⁴If newly married, a marriage license may substitute for the 1040.

⁵From California Secretary of State Business website.

⁶If awaiting CA SOS authorization to conduct business in CA and active web confirmation is not yet received, provide Statement and Designation by Foreign Corporation (filed) and Certificate of Good Standing, or Certificate of Qualification.

⁷If a partnership agreement isn't filed, additional documentation is required — business license or fictitious name statement.

⁸If the active web confirmation hasn't been received, these documents may be submitted instead — Registration Form #LP-5 Application for Registration and Certificate of Good Standing.

⁹If Foreign LLC is awaiting CA SOS authorization to conduct business in CA and active web confirmation is not yet received, provide Registration Form #LLC-5 and Certificate of Good Standing.

¹⁰The letter must be signed by a contact listed on the *Employer Application* and must be accompanied by the following information for all exempt employees — full name, date of hire, and number of hours worked each week (with a minimum of 20 hours).