

# AULTCARE

## EMPLOYEE COUNT ANALYSIS

*Various state and federal laws have requirements based on employee counts. When counting employees, it's important to conduct a related employer analysis.*

*The information detailed below does not constitute legal advice and is intended only for informational purposes. Please reach out to your benefits counsel to discuss your individual circumstances.*

**RELATED EMPLOYER ANALYSIS** requires counting all employees of all members of the employers in a controlled group of companies or affiliated service group to determine employee count. Below is a summary of those groups.

- A controlled group may exist when two or more companies have any of the following:
  - **A Parent-Subsidiary Relationship:** Exists when one or more chains of organizations are connected through ownership of a common parent company and 80% or more of the voting power or total value of each member of the group is owned by another member of the group, except for the common parent
  - **A Brother-Sister Relationship:** Exists when at least 50% of the voting power or total value of two or more organizations is owned by the same 5 or fewer persons taking into account only the ownership of each such organization that is identical for each other organization
  - **A Combination Relationship:** Exists when two or more organizations are members of a group that has common ownership which includes both parent-subsidiary relationships and brother-sister relationships, in which case all such organizations are considered the same controlled group of business
- An affiliated service group may exist when two or more organizations have a service relationship and/or ownership relationship with one another as satisfied by 1 of 3 tests (A-Org Test; B-Org Test; or Management Group Test)

More information about Controlled and Affiliated Service Groups can be found in the following IRS publication:  
<https://www.irs.gov/pub/irs-tege/epchd704.pdf>

## CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA) ANALYSIS

COBRA generally applies to all private sector group health plans as well as plans sponsored by state and local governments. To be subject to COBRA, employers need to have at least 20 employees on more than 50% of their typical business days in the previous calendar year. When counting employees for COBRA purposes, both full- and part-time employees are counted, taking into consideration the above Related Employer Analysis. Each part-time employee counts as a fraction of a full-time employee. The fraction should be equal to the number of hours worked divided by the number of hours required to be considered full-time. (For example, a company requires a full-time employee work 40 hours a week. A part-time employee who works 20 hours a week is considered  $\frac{1}{2}$  of a full-time employee.) If you have fewer than 20 employees, you may be subject to state continuation of coverage requirements under ORC 3923.38 depending on whether your group health plan is subject to state regulation. These plans typically include Insured, MEWA plans, and self-funded public employers.

For more information, visit <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# MEDICARE SECONDARY PAYER (MSP) ANALYSIS

MSP is a federal law that requires Medicare pay secondary to group health plans unless certain circumstances apply. These exceptions are based on group size and the scenarios are listed below. This is not intended to be a comprehensive guide to the MSP law. As an employer group sponsoring a group health plan, you are required to maintain documentation regarding your total employee counts during the year. Please use the above Related Employer Analysis to report your employee count.

If Medicare requests a review of MSP status, AultCare will reach out to obtain information regarding your group size during the period in question. Please be aware that Medicare can inquire about claims that are several years old, so it's imperative to maintain accurate records.

## MSP SUMMARY RULES

Medicare Beneficiary	Employer Characteristics		Primary Payer	Secondary Payer
Age 65 or older (employee or spouse) and group health plan <b>due to current employment</b> of the Medicare beneficiary or the beneficiary's spouse	Employer with <b>fewer than 20 employees</b>		Medicare	Group Health Plan
	Employer with <b>at least 20 employees</b> full or part-time in at least 20 weeks of the preceding or current year. (Note – the 20 weeks do not have to be consecutive)		Group Health Plan	Medicare
Age 65 or older (employee or spouse) and group health plan <b>not due to current employment</b> (e.g. through a retiree health plan or COBRA) of the Medicare beneficiary or the beneficiary's spouse	All employers regardless of the number of the employees		Medicare	Group Health Plan
Disabled under age 65 (employee, spouse, or dependent) and group health plan <b>due to current employment</b> of the Medicare beneficiary or the beneficiary's spouse or parent	During at least half the year of the employer's regular business days in the previous calendar year, the employer had:	Employer with <b>fewer than 100 employees</b>	Medicare	Group Health Plan
		Employer with <b>at least 100 employees</b> during at least half the year of the employer's regular business days in the previous calendar year	Group Health Plan	Medicare
Disabled under age 65 (employee, spouse, or dependent) and group health plan <b>not due to current employment</b> (e.g. through a retiree health plan or COBRA) of the Medicare beneficiary of the beneficiary's spouse or parent	All employers regardless of the number of employees		Medicare	Group Health Plan
ESRD patient (employee, spouse, or dependent) during the first 30 months of Medicare ESRD coverage	All employers regardless of the number of employees	If, when ESRD coverage begins, the employer plan is already primary payer according to MSP provisions	Group Health Plan (Active and COBRA coverage)	Medicare
		If, when ESRD coverage begins, the employer plan is correctly secondary payer because it is not subject to the applicable MSP provisions for working aged or for disability	Medicare	Group Health Plan (Active and COBRA coverage)
ESRD patient (employee, spouse, or dependent) regardless of age <b>beginning with the 31st month</b> of Medicare ESRD coverage	All employers regardless of the number of employees		Medicare, regardless of coverage for age 65 or disability, for the duration of ESRD coverage	Group Health Plan (Active and COBRA coverage)

More information about Medicare Secondary Payer rules can be found in the following publication:  
[https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MSP\\_Fact\\_Sheet.pdf](https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MSP_Fact_Sheet.pdf)



Return to: AultCare Insurance Company  
 Attn: Retention Department  
 P.O. Box 6910, Canton, OH 44706  
 retention@aultcare.com

# ANNUAL DETERMINATION OF GROUP SIZE DEMOGRAPHICS

\_\_\_\_\_  
 Employer Name / Legal Name of Company

\_\_\_\_\_  
 Group Number

\_\_\_\_\_  
 Employer Identification Number (EIN / TIN)

## EMPLOYEE COUNT ANALYSIS

PLEASE REVIEW THE ATTACHED SHEET FOR ADDITIONAL GUIDANCE

1. Does the attached **Related Employer Analysis** define your company as part of a controlled group or affiliated service group?  Yes  No
  - a. If yes, list the other Related Employer name(s): \_\_\_\_\_
  - b. If yes, consider that fact when answering all of the questions below.
2. Provide the following current employee counts (including all Related Employer counts):
 

Full-time       Average number of seasonal/temporary employees for current year

Part-time       Other (briefly describe: \_\_\_\_\_)
3. Provide the number of employees currently eligible for health insurance benefits: \_\_\_\_\_
4. For **COBRA eligibility**, employers must have **at least 20 employees on more than 50% of their typical business days in the previous calendar year**. Refer to the attached COBRA Analysis section and provide the following employee counts:
 

Full-time       Part-time (Each is counted as a fraction of a full-time employee.)

Total number of employees
5. For **Medicare Secondary Payer (MSP)** purposes:
  - a. Did you (including all Related Employers) **have 100 or more** full-time, part-time, seasonal employees or partners on **50 percent or more of your business days** during:
    - i. The current calendar year?  Yes  No
    - ii. The preceding calendar year?  Yes  No
  - b. Did you (including all Related Employers) **have 20 or more** full-time, part-time, seasonal employees or partners for **each working day in each of 20 or more calendar weeks** (weeks do not have to be consecutive) during:
    - i. The current calendar year?  Yes  No
    - ii. The preceding calendar year?  Yes  No
    - iii. If you checked "Yes" for the **current calendar year, and the 20-employee threshold was met during the current year**, provide the date: \_\_\_\_/\_\_\_\_/\_\_\_\_.

I understand AultCare is relying on my answers to the above questions to ensure overall compliance for my group health plan. I also understand the information submitted will be used to determine: whether Medicare will be the primary payer of claims for my Medicare-eligible insured(s), employer size for continuation of coverage, and employer size status under State and Federal regulations. I certify the answers are true to the best of my knowledge and belief. I also understand I am responsible for promptly notifying AultCare (as indicated above) if my answers to any of these questions change because our organization has increased or decreased the number of employees. I understand that CMS penalties may apply.

\_\_\_\_\_  
 Signature of Company Officer or Authorized Representative

\_\_\_\_\_  
 Print Name

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date