

# PROFESSIONAL EMPLOYER ORGANIZATION (PEO) GUIDE

| Carrier                                                                                                   | Guideline for staying with a PEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Guideline for leaving a PEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <b><i>In addition to meeting standard Underwriting Guidelines, groups must provide the following:</i></b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                          | <p>Groups that are currently with a PEO acting as a co-employer are not eligible for coverage</p> <p>Groups using a PEO for payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility. They must also submit the current prior carrier bill solely for the group and in the group's name</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Groups must leave the PEO on or before the requested effective date</p> <p><b>1-5 enrolling:</b></p> <ul style="list-style-type: none"> <li>• Copy of the contract termination letter sent from the PEO to the employer verifying the cancellation of the leasing arrangement as well as the date</li> <li>• Copy of the most current quarterly wage report filed by the PEO or at least 2 weeks of current consecutive payroll</li> </ul> <p><b>6+ enrolling:</b></p> <ul style="list-style-type: none"> <li>• Copy of the contract termination letter sent from the PEO to the employer verifying the cancellation of the leasing arrangement as well as the date</li> <li>• If the group does not have current health coverage: Copy of the most current quarterly wage report filed by the PEO or at least 2 weeks of current consecutive payroll</li> <li>• If the group has current health coverage: Provide the current health coverage bill to establish group eligibility. Any employees not on the bill must have their full names written in with the reason they do not appear on the bill</li> </ul> <p>COBRA participants coming off of a PEO are eligible. All normal enrollment materials and proof of continuation of coverage required</p> |
|                        | <p>Groups currently with a PEO (Professional Employer Organization) that choose to remain in the PEO for various services, must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• The PEO sub-group must qualify and enroll on a stand-alone basis, separate from the PEO</li> <li>• The principal business address of the sub-group must be in California and indicated as such on the Employer application</li> <li>• General Agreements, Section K of the Employer Application must be signed by an authorized representative of the sub-group, not the PEO</li> <li>• COBRA provisions are determined by the sub-group's size only</li> <li>• <b>Group size of 1-2 enrolling:</b> In lieu of a DE9C, the sub-group may submit either payroll records for the most current 3-month period; including the following: sub-group company name and Employer Identification Number (EIN), employee names, social security numbers, wages, withholdings, and summary totals; or a copy of most recent PEO invoice including the same information (sub-group company name and Employer Identification Number (EIN), employee names, social security numbers, wages, withholdings, and summary totals)</li> <li>• A PEO sub-group letter/attestation must be included with the new group submission paperwork</li> <li>• <b>Promotion for Group size of 3+ enrolling:</b> A signed and completed California Enrollment Compliance form can be submitted with no payroll/invoice requirements</li> <li>• A PEO sub-group letter/attestation must be included with the new group submission paperwork</li> </ul> | <p>Groups must leave the PEO on or before the requested effective date</p> <p><b>Group Size of 1-2 enrolling:</b> Provide a copy of PEO client invoice billed to the worksite business, which includes names of each employee previously leased to the worksite employer</p> <p>Company's first 30 days complete payroll records to be provided within 45 days of the effective date</p> <p>COBRA participants coming off of a PEO are eligible. All normal enrollment materials and proof of continuation of coverage required</p> <p>Signed Conditions of Enrollment form will be required</p> <p><b>Promotion for Group size of 3+ enrolling:</b> A signed and completed California Enrollment Compliance form can be submitted with no payroll requirements</p> <p>Signed Conditions of Enrollment form will be required</p>                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                        | <p>Groups that are currently with a PEO acting as a co-employer are not eligible for coverage</p> <p>Groups using a PEO for payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility. A copy of the PEO contract confirming this will be required</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Groups must leave the PEO on or before the requested effective date</p> <p>Copy of the letter sent from the PEO to the client business verifying the cancellation of the leasing arrangement will be required</p> <p>If a copy of a payroll is submitted that separates the formerly leased employees by business location, the group will be considered a qualified group</p> <p>COBRA participants coming off of a PEO are not considered as having been employees of the group. They are considered prior employees of the PEO and are not eligible for continuation of coverage with this carrier</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

This guide has been created as a quick reference and does not replace the full underwriting guidelines published by each carrier  
Please refer to the carrier guidelines for additional information

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| Carrier                                                                                                                                          | Guideline for staying with a PEO                                                                                                                                                                                                                                                                                                                                                                                           | Guideline for leaving a PEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|  <p><b>CaliforniaChoice®</b><br/>Your Health. Your Choice.®</p> | <p>Sub-group's home office must be located in California</p> <p>Statement of Compliance portion of the Employer Application must be signed by an authorized representative of the sub-group, not a PEO representative</p> <p>PEO Sub-Group Letter is required</p> <p>Quarterly Wage &amp; Tax Report (DE9C) or payroll ledger including summary totals for the most current 6 weeks</p>                                    | <p>Groups must leave the PEO on or before the requested effective date</p> <p>Groups leaving a PEO on the enrollment effective date must provide:</p> <ul style="list-style-type: none"> <li>Explanation from the employer with a description and date of the PEO split-off scenario and date when the new payroll starts. No gaps allowed. Payroll start date must immediately follow the split-off date</li> <li>One week of payroll from the new payroll company with the balance for the month due within 30 days of the effective date</li> </ul> <p>Groups that left a PEO prior to the enrollment effective date must provide:</p> <ul style="list-style-type: none"> <li>Explanation from the employer with a description and date of the PEO split-off scenario and date when the new payroll started. No gaps allowed. Payroll start date must immediately follow the split-off date</li> <li>Payroll under the company (not the PEO) from start to current is required – must be at least one week</li> </ul> <p>For both scenarios: If payroll is not equal to one month, group will be approved contingent on the remainder of payroll</p> <p>Groups with 1-4 enrolling will need at least 4 weeks of payroll prior to the requested effective date for one common-law employee</p> <p>COBRA participants coming off of a PEO are eligible. All normal enrollment materials and proof of continuation of coverage required</p> |
|  <p><b>health net™</b></p>                                    | <p>A DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups</p> <p>If the PEO does not prepare a quarterly wage report for each employer, two weeks payroll from the PEO may be substituted</p> <p>The quarterly wage report and/or payroll must demonstrate that the group meets the definition of a small employer and that the employees are eligible for coverage</p> | <p>Groups must leave the PEO on or before the requested effective date</p> <p>A DE9C/quarterly wage report from the PEO is required if the PEO provides them for its employer groups</p> <p>If the PEO does not prepare a quarterly wage report, the most current 2 weeks of payroll from either the PEO or the group may be substituted</p> <p>The DE9C/quarterly wage and/or payroll must demonstrate that the group meets the definition of a small employer and the employees are eligible for coverage</p> <p>COBRA participants coming off of a PEO are eligible. All normal enrollment materials and proof of continuation of coverage required</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|  <b>KAISER PERMANENTE®</b>   | <p>DE9C/Payroll not required for 2025 effective dates</p> <p>Beginning 1/1/2026 effective dates: DE9C/Payroll not required for groups of 6+ enrolling Groups with enrolling non-emancipated minors are required to submit a Payroll Attestation form</p> <p>Kaiser may request DE9C/Payroll at any time to determine group eligibility/validate address rating information</p> <p>Groups of 1-5 enrolling: a DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups</p> <p>If the PEO does not prepare a quarterly wage report for each employer, six weeks payroll from the PEO may be substituted</p> <p>The quarterly wage report and/or payroll must demonstrate that the group meets the definition of a small employer and that the employees are eligible for coverage</p> | <p>DE9C/Payroll not required for 2025 effective dates</p> <p>Beginning 1/1/2026 effective dates: DE9C/Payroll not required for groups of 6+ enrolling</p> <p>Groups with enrolling non-emancipated minors are required to submit a Payroll Attestation form</p> <p>Kaiser may request DE9C/Payroll at any time to determine group eligibility/validate address rating information</p> <p>Groups must leave the PEO on or before the requested effective date</p> <p>Groups of 1-5 enrolling: a DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups</p> <p>If the PEO does not prepare a quarterly wage report for each employer, six weeks payroll from the PEO or the group may be substituted</p> <p>The quarterly wage report and/or payroll must demonstrate that the group meets the definition of a small employer and that the employees are eligible for coverage</p> <p>COBRA participants coming off of a PEO are eligible. Separate Kaiser COBRA Enrollment Form is required. If the group is subject to Cal-COBRA, enrollment is handled member to carrier direct. Employer/TPA would not be involved. If the group is subject to Federal COBRA, participants can be submitted with the new group but separate from the active employee enrollment</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  <b>United Healthcare®</b> | <p>Groups that are currently with a PEO acting as a co-employer are not eligible for coverage</p> <p>Groups using a PEO for payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>Groups must leave the PEO on or before the requested effective date</p> <p>Copy of the prior carrier bill from the PEO with employee census confirming prior coverage will be required</p> <p>Provide a copy of the contract termination letter sent from the PEO to the employer that verifies the cancellation of the leasing arrangements as well as the cancellation date</p> <p>At least two weeks payroll from a legitimate payroll company for the employer group. The payroll must be issued in the name and Tax ID Number of the individual employer group, not the PEO. Approval is contingent receiving 30 days of payroll records for all employees within 45 days of the effective date</p> <p>In the event a DE9C/Quarterly Wage Report or Payroll is unavailable groups must provide the following:</p> <ul style="list-style-type: none"> <li>• A copy of six weeks of chargeback invoices from the PEO to establish group size and eligibility</li> <li>• A letter from the company owner/officer stating the following: The company has canceled its contract with the PEO and the effective date of cancellation; approval is contingent upon United Healthcare receiving, within 45 days of the effective date, 30 days of payroll records for all employees and United Healthcare reserves the right to rescind or non-renew coverage if payroll documentation is not provided in a timely manner or it does not meet UnitedHealthcare criteria for enrollment eligibility</li> </ul> <p>The employer group must have offered the employees health insurance previously through the PEO</p> <p>For 10+ enrolled, please reach out to your Word &amp; Brown Sales Representative</p> <p>COBRA participants coming off of a PEO are eligible. All normal enrollment materials and proof of continuation of coverage required</p> |