

Acceptable Ownership Documents

Ownership documents are specifically required to establish ownership or in the case when owners/partners are not reflected on the DE-9C. In the case where the ownership rests with a single individual, a DE-9C (or 6 weeks of payroll for those groups who have not been in business long enough to have a DE-9C) must also be submitted to be considered for coverage. Those cases with 2 or more owners, where IRS Form 1065 Schedule K-1 or IRS Form 1120 is listed as an acceptable document, must submit whichever form applies to their business structure if they have been in business long enough to have one. Otherwise each owner must be on an accepted ownership document. Acceptable ownership documents, listed below by business type, are legal ownership documents that must tie the said owner/s to the business and thereby establish eligibility. Businesses that were incorporated, organized, or otherwise formed outside of California must also provide evidence of their ability to transact business in California through a registration document filed with the California Secretary of State. Note: Groups of 25 or more active subscribers that are enrolling eligible sole proprietors, partners, or officers that are not on the DE-9C may submit the Sole Proprietor, Partner, Officer Affidavit in lieu of ownership documentation.

1. Sole Proprietor

a) Sole proprietorships are not accepted for the purpose of obtaining coverage. **At least one spouse must be making eligible wages on a DE-9C.**

2. Corporation

- a) IRS Form 1120 (as long as both spouses are listed as officers and percentage of stock owned is listed), OR
- b) Articles of Incorporation (Filed and listing names of all officers), OR
- c) Statement by Domestic Stock Corporation/Statement of Information. Note: Both spouses must be listed as officers to establish eligibility. Any spouse listed only as a director will not be deemed eligible unless they are earning eligible wages on the DE-9C or payroll.

Health Net will only accept an unstamped Statement of Information under the following conditions:

1) when the group has not been in business long enough to have filed a tax return; 2) when the Statement has been filed recently enough that the Secretary of State's office is still within their processing turnaround time to file it and return a stamped copy to the group; 3) it is accompanied by a printout from the California Business Portal showing that the Agent for Service of Process on the portal is also the Agent for Service of Process listed on the SOI in addition to being one of the officers on the SOI; and 4) the signature date on the Statement must be consistent with when the document was filed. Otherwise, the document must be stamped or contain a pre-printed file number from the State.

3. **S Corporation**

- a) IRS Form 1120 Schedule K-1, OR
- b) Articles of Incorporation (filed and listing both spouses as officers), OR
- c) Form 2553 (only if accompanied by IRS approval letter)
- d) Statement by Domestic Stock Corporation/Statement of Information. Note: Both spouses must be listed as officers to establish eligibility. Any spouse listed only as a director will not be deemed eligible unless they are earning eligible wages on the DE-9C or payroll.

Health Net will only accept an unstamped Statement of Information under the following conditions:

1) when the group has not been in business long enough to have filed a tax return; 2) when the Statement has been filed recently enough that the Secretary of State's office is still within their processing turnaround time to file it and return a stamped copy to the group; 3) it is accompanied by a printout from the California Business Portal showing that the Agent for Service of Process on the portal is also the Agent for Service of Process listed on the SOI in addition to being one of the officers on the SOI; and 4) the signature date on the Statement must be consistent with when the document was filed. Otherwise, the document must be stamped or contain a pre-printed file number from the State, OR

4. **Limited Liability Company (LLC)**

- a) IRS Form 1065 Schedule K-1, OR
- b) IRS Form 1120 (as long as both spouses and percentage of stock owned are listed), OR
- c) Articles of Organization including the Operating Agreement articulating the day-to-day management duties of each spouse, OR
- d) Statement by Domestic Stock Corporation/Statement of Information. Note: Both spouses must be listed as managers to establish eligibility.

Health Net will only accept an unstamped Statement of Information under the following conditions:

1) when the group has not been in business long enough to have filed a tax return; 2) when the Statement has been filed recently enough that the Secretary of State's office is still within their processing turnaround time to file it and return a stamped copy to the group; 3) it is accompanied by a printout from the California Business Portal showing that the Agent for Service of Process on the portal is also the Agent for Service of Process listed on the SOI in addition to being one of the officers on the SOI; and 4) the signature date on the Statement must be consistent with when the document was filed. Otherwise, the document must be stamped or contain a pre-printed file number from the State.

5. **Partnership (All Types)**

- a) Statement of Partnership Authority (General Partnerships) in which both spouses are listed as partners, OR
- b) Certificate of Limited Partnership (Limited Partnerships) in which both spouses are listed as partners, OR
- c) Partnership Agreement in which the day-to-day management duties of each spouse are articulated (deemed acceptable per underwriter's discretion), OR
- d) Fictitious Business Name Statement listing names of both spouses, OR
- e) Tax certificate listing names of both spouses, AND
- f) IRS Form 1065 Schedule K-1 for each spouse (if they have been in business long enough to have one)