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California Small Group Health Insurance Eligibility

In 1992 the State of California passed comprehensive reform legislation to regulate health insurance for small companies: employers with 2 to 50 employees. Still referred to as AB 1672, this legislation ([California Insurance Code Section 10702-10718.7](#)) defined eligibility criteria for employees seeking to be covered by the small group plan.

All of the California health insurance companies, [Blue Cross California](#), [Blue Shield California](#), [Health Net California](#), [Pacificare California](#), and [Nationwide Health Plan California](#), must comply with the requirements of AB 1672 when offering small group health insurance in California.

There are two primary requirements for small group medical insurance: **Employer Contribution** and **Employee Participation**. Many of the California Insurance Companies have defined these requirements as such:

Employer Contribution: California health insurance companies require that the employer contribute at least 50 percent of the employee only premium.

Employee Participation: California medical insurance companies require that at least 75 percent of the eligible employees actually enroll in the medical insurance plan offered by the employer.

AB 1672 also sets the maximum hours an employee works to be considered an "eligible" employee as 30 hours. The definition section of the Small Group Insurance law states: [Section 10700 \(f\)\(1\)](#) states:

"(f) "Eligible employee" means either of the following:

(1) Any permanent employee who is actively engaged on a full-time basis in the conduct of the business of the small employer with a normal work week of at least 30 hours, in the small employer's regular place of business, who has met any statutorily authorized applicable waiting period requirements. The term includes sole proprietors or partners of a partnership, if they are actively engaged on a full-time basis in the small employer's business, and they are included as employees under a health benefit plan of a small employer, but does not include employees who work on a part-time, temporary, or substitute basis. It includes any eligible employee as defined in this paragraph who obtains coverage through a guaranteed association. Employees of employers purchasing through a guaranteed association shall be deemed to be eligible employees if they would otherwise meet the definition except for the number of persons employed by the employer.

A permanent employee who works at least 20 hours but not more than 29 hours is deemed to be an eligible employee if all four of the following apply:

- (A) The employee otherwise meets the definition of an eligible employee except for the number of hours worked.
- (B) The employer offers the employee health coverage under a health benefit plan.
- (C) All similarly situated individuals are offered coverage under the health benefit plan.
- (D) The employee must have worked at least 20 hours per normal work week for at least 50 percent of the weeks in the previous calendar quarter.

The insurer may request any necessary information to document the hours and time period in question, including, but not limited to, payroll records and employee wage and tax filings."

These laws set a level playing field for all California Health Insurance Companies offering small group medical insurance plans. [Click here for a California small group health insurance plan quote.](#)