

## **Virginia Allows Self-Employed Individuals to Purchase Small Group Health Plans**

Starting July 1, 2018, self-employed individuals in the Commonwealth of Virginia can qualify as a “small employer” who may purchase small group health plans. This will give more Virginians access to lower-cost health plans as premiums soar for individual policies in many parts of the state.

The General Assembly passed and Governor Ralph Northam signed SB 672 in April, expanding the definition of “small employer” for health insurance purposes to include self-employed individuals. To qualify, they must derive a substantial portion of their income from a trade or business that is:

1. operated by the individual as a sole proprietor;
2. through which the individual has attempted to earn taxable income; and
3. for which they have filed the appropriate Form 1040, Schedule C or F, with the IRS for the previous taxable year.

The individual may be the sole shareholder of a corporation, a sole member of an LLC, or an immediate family member.

Individual and small group policies are subject to almost identical mandates and regulations under the ACA, so the real impact of this legislation is in two areas. First, the small group market is more stable with generally lower premiums than the individual market. The Charlottesville area is one example where individual health plans have become less available and much more expensive. Additionally, many self-employed individuals may not qualify for subsidies that would otherwise lower the cost of an individual policy. Second, qualified self-employed individuals will be able to establish a plan at any time during the calendar year, whereas individuals generally must wait until the ACA Marketplace’s Open Enrollment period for coverage effective January 1<sup>st</sup>.

This legislation differs from the new federal regulations for Associated Health Plan discussed above. While those final rules allow self-employed individuals to join with other employer members to form a larger group health plan, the Virginia law allows the self-employed to enroll in a small group health plan by themselves.

As always, your OneDigital team stands ready to be helpful in any way we can.