



# **ERISA Wrap Services for Health and Welfare Plans**

## What is an ERISA Wrap Summary Plan Document (SPD)?

The wrap document has two purposes 1.To wrap the required ERISA language around a carrier's certificate of coverage. 2. To combine or bundle multiple employer-sponsored plan document into a single plan.

## Why do I need a Wrap for My Health and Welfare Plans?

ERISA requires plan administrators (employers) to furnish plan information to participants and beneficiaries and to submit reports to government agencies. If your company sponsors a Group Health or Welfare Plan, you are required to:

1. Provide a Summary Plan Description to new plan participants within 90 days of enrollment.
2. Provide an employee who requests a Summary Plan Description a copy within 30 days of the request.
3. SPD's must be redistributed every 5<sup>th</sup> year to your employees.
4. Employers with > than 100 employees must file a 5500 Report annually. The Wrap SPD allows you to file a single 5500 rather than a report for each plan.
5. Annually inform participants and beneficiaries of certain rights and obligations.

## Doesn't the Insurance Company or Third Party Administrator provide the necessary documentation?

The plan administrator in this definition is the employer and not the insurance company or third party administrator. Many Employers believe this requirement is taken care of by the plan documents furnished by the Insurance Company or TPA but in many instances this is not the case.

## Which plans need to be wrapped and furnished to participants?

Filings are required for all Health and Welfare Plans including but not limited to Group Health Plans, Health Reimbursement Arrangements, Medical Flexible Spending Accounts, Dental Plans, Vision Plans, Disability Plans, Group Life Plans, AD&D Plans and more.

## What happens if these plans are not provided as required?

The summary plan document must be given to employees within 90 days after they are covered by the plan. SPDs must also be redistributed every 5th year and provided within 30 days of a request. Failure to do so can result in fines of 110.00 per day.

## 3PA ERISA Wrap Services:

3PA can prepare a Wrap Summary Plan Document (SPD) that will comply with ERISA and you can then distribute to your plan participants to satisfy the distribution requirements.

- What the Wrap SPD Covers:
  - All health and wellness plans.
  - Plans that require an SPD include Group Medical Plan, Dental Benefits, Vision Benefits, Group-Term Basic Life, Optional Life and AD&D, Dependent Life, Basic AD&D, Dependent Life Insurance, Long Term Disability, Short Term Disability, Health Care Spending Account (FSA), Employee Assistance Plan Benefits, Prescription Drug Benefits.
- The wrap does not cover any of your pension or 401 K plans.
- The Wrap service includes the following:
  - Preparation of the Wrap Document
  - Preparation of the Summary of Material Modification if needed
  - Guidance on how you as the employer are required to provide documentation and access to information and employee rights.
    - This includes how electronic documents can be delivered or if hard copies are delivered, the requirements for those. This does not include 3PA doing the actual mailing and tracking of delivery of notifications.
  - Assistance in the event of a DOL audit.
  - The Wrap document includes the notifications required to be delivered to your employees. See page 5 for a complete listing of the notices included in the Wrap Document.

## Definitions and ERISA Requirements

ERISA requires that the following documents be automatically furnished to participants and beneficiaries.

**The Summary Plan Description (SPD)** — the basic descriptive document — is a plain language explanation of the plan and must be comprehensive enough to apprise participants of their rights and responsibilities under the plan. It also informs participants about the plan features and what to expect of the plan. The SPD must be current within 120 days.

**The Summary of Material Modification (SMM)** appraises participants and beneficiaries of material changes to the plan or to the information required to be in the SPD. The SMM or an updated SPD for a group health plan must be furnished automatically to participants within 210 days after the end of the plan year in which such material change was adopted. However, if the changes to the plan or changes to the required information in the SPD result in a material reduction in covered services or benefits, then the SMM must be distributed no later than 60 days from the date the change was adopted. A material reduction is any plan change that eliminates benefits, reduces benefits payable, increases premiums, deductibles, coinsurance or co-payments, reduces the service area covered by an HMO, or establishes new conditions or requirements (such as pre-authorization) for obtaining services or benefits.

**A Summary Annual Report (SAR)** outlines in narrative form the financial information in the plan's Annual Report, the Form 5500 (see below for those plans required to file this report), and is furnished annually to participants in plans that are required to file the Form 5500. other provisions in ERISA

**Form 5500 Annual Return/Report** Form 5500 reports information about the plan, its finances, and its operation. This information is used by the U.S. Department of Labor, the Internal Revenue Service (IRS), other government agencies, organizations, and the public. Participants and beneficiaries can receive a copy of the Form 5500 upon request from the plan. Depending on the number of participants covered and plan design, there may be exemptions from the full filing requirements. A group health plan with fewer than 100 participants that is either fully insured or self-funded (or a combination of both) does not need to file an annual report. Plans with 100 or more participants that are fully insured or self-funded (or a combination) can file a limited report.

## Employer Model Notices

The Following Model Notices are included in the Wrap Summary Plan Document:

- COBRA
- HIPAA Privacy Notice
- Pre-Existing Condition Exclusion Notice
- Women's Health and Cancer Rights Act Notice
- Medicare Part D Notice
- CHIP Premium Assistance Notice
- General Notice Requirement
- Summary Annual Reports
- Notice to Employees of Coverage Options
- Newborns' Act Disclosure
- HIPAA Certificate of Creditable Coverage
- Patient Protection Notice
- Grandfathered Plan Notice
- Summary of Benefits of Coverage
- Wellness Program Disclosure
- Plan Document
- Medical Child Support Order Notice
- HIPAA Exemptions
- Patient Protections- Access to Care
- Claims and Appeals Notices

The following notices are included in the Wrap but also have more stringent delivery requirements.

### **Annual Distribution Required:**

- Women's Health and Cancer Rights Act Notice (WHCRA)
- Medicare Part D
- CHIP Premium Assistance Notice

**Notice to Employees of Coverage Options – Must be distributed within 14 days of hire date.**