


# ERISA Requirements and ERISAEdge

Many employers—and you may be one of them—do not fully understand **Employee Retirement Income Security Act** (ERISA), how it impacts business and employees, and the possible risks it presents. Failure to comply with ERISA requirements can lead to costly government penalties and even employee lawsuits.

**ERISAEdge is here to help by handling all of the necessary communications, forms, and record-keeping for you!**

The following chart offers a basic breakdown of Title 1 disclosure and reporting requirements under ERISA (governing health and welfare benefit plans), and which functions are covered by ERISAEdge.

		
<b>Employer/Plan Sponsor Requirements under ERISA Law:</b>	<b>Functions Performed by ERISAEdge:</b>	<b>Action Required of Employer:</b>
<p><b>Plan Document</b> Must have a written Plan Document in place for each benefits Plan offered to one or more employees. Must include ERISA plan numbers.</p>	<p><b>Provides complete document design, prepares the Plan Document, and provides online storage.</b></p> <p><i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must <b>maintain the Plan Document and make it readily available for inspection by DOL at all times.</b></p>
<p><b>Summary Plan Description (SPD)</b> All participating employees must receive a copy of the SPD <b>within 90 days</b> of Plan enrollment. <i>New Plans</i> require distribution <b>within 120 days</b> after the benefit becomes subject to ERISA.</p> <p>EOC's/ certificates of coverage from the Insurance Carriers <u>do not</u> meet these requirements.</p>	<p><b>Prepares the Summary Plan Description (SPD) and provides online storage.</b></p> <p><i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must distribute the SPD to all applicable employees within the required time period.</p>
<p><b>Summary of Material Modification (SMM)</b> When there is a material change to any benefits Plan (i.e., carrier change, eligibility change, benefit structure change), all participating employees must receive a copy of the SMM <b>within 210 days</b> after the Plan Year-end in which the change occurred.</p> <p>However, an SMM relating to a material reduction in covered services or benefits under a Group Health Plan must be furnished no later than <b>60 days</b> after the date of the adoption of the reduction.</p>	<p><b>Prepares the Summary of Materials Modification (SMM), as required.</b></p> <p><i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must distribute the SMM to all applicable employees within the required time period.</p>
<p><b>IRS Form 5500</b> You must file a Form 5500 with applicable schedules every Plan year for each Plan where you have 100+ participating employees. The Form must be filed <b>within 7 months</b> after the Plan Year-end. If an extension is filed, you are allowed an additional 2½ months to file.</p> <p><i>*See below MLR potential requirement for small plans.</i></p>	<p><b>Prepares Form 5500 with all applicable schedules and provides secure software for employer to upload to DOL.</b></p>	<p>Employer must file the Form 5500 with DOL within the required time period.</p>

<p><b>Summary Annual Report (SAR)</b> Must be completed by employer and distributed to all participating employees in any Plan that files a Form 5500. Employees must receive the SAR <b>within 9 months</b> after Plan Year-end, or <b>2 months</b> after Form 5500 is filed.</p>	<p><b>Prepares the Summary Annual Report (SAR), as required.</b>  <i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must distribute the SAR to all applicable employees within the required time period.</p>
<p><b>Medical Loss Ratio (Affordable Care Act)</b></p> <ul style="list-style-type: none"> <li>• Determine if the rebate is a Plan Asset under the ERISA Plan and add those terms to the Plan Document/SMM so they can retain a prorated portion of the rebate equal to the percent of premium paid by the employer.</li> <li>• Group health insurance MLR rebates only affect fully-insured major medical Plans. Both grandfathered and non-grandfathered Plans may be eligible for a rebate.</li> <li>• Each enrollee must receive a rebate that is proportional to the premium amount paid by that enrollee.</li> </ul> <p>*The handling of these MLR rebates have potential ramifications for employers both small and large as it regards annual Form 5500 filing requirements. <b>For example:</b> small Plans that hold onto these rebates past ninety (90) days and do not have a policy in place could be subject to Form 5500 filing requirements; large Plans could have additional reporting requirements related to their Form 5500 filings.</p>	<p><b>The Medical Loss Ratio Rebate language is incorporated into your ERISAEdge document. Otherwise the Summary of Material Modification/Plan Amendment fulfills the refund allocation policy requirement under current regulations</b>  <i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must distribute SPD or SMM based upon applicable timing requirements.</p>
<p><b>ERISA and Healthcare Reform Notices</b> The Patient Protection and Affordable Care Act (PPACA) requires annual notices to eligible employees based upon the status of any new or renewed Group Health Plan. These Notices must be provided to all eligible employees <b>on or prior to the first day of the Group Health Plan effective date.</b></p>	<p><b>Prepares all required annual ERISA and Healthcare Reform Notices to eligible employees. (additional fee applies)</b>  <i>Provides employer with guidelines on disclosing required information to employees.</i></p>	<p>Employer must distribute notices <b>on or prior to the first day of the Group Health Plan effective date.</b></p>
<p><b>Discrimination Testing</b> Section 105(h) of the Internal Revenue Code requires all self-insured Health Plans perform Discrimination Testing.</p> <p><b>This has been suspended for Fully-Insured Plans awaiting final regulations from the IRS.</b></p>	<p><b>Performs Section 105(h) Discrimination Testing for Self-Insured Health Plans.</b></p>	<p>Employer must maintain test results for inspection by IRS/DOL for 8 years.</p>

**Contact TASC for additional information pertaining to your ERISA requirements and obligations.**

TASC • 2302 International Lane • Madison, WI 53704-3140 • 1-800-422-4661 • Fax: 608-241-4584 • sales@tasconline.com

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