

## Feds auditing small business health plans

By Guest Opinion

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I recently had the “privilege” of reading a U.S. Department of Labor employee benefit audit letter addressed to a business with fewer than 50 employees.

The first item listed for submission to the auditor was the summary plan description (SPD). An SPD is a federally required document that explains to employees their plan benefits, claim review procedures and other rights, such as COBRA, portability and privacy or HIPAA.

It will even contain the employers’ tax ID number, types of plans offered, if more than one, along with their respective names, addresses of the different insurance companies.

It is important that employers realize that an SPD is not, I repeat, is not a summary of benefits and coverage (SBC) or a certificate of coverage, both of which are only issued by an insurance company.

The SPD is solely the employer’s responsibility, although past enforcement was lacking.

That being said, the DOL on May 9, 2013, issued a model notice for employers to give to all of their employees/dependents notification of the insurance exchange (marketplace) opening by Oct. 1, 2013.

This notice will require the employer to provide some information about the current health plan, if any, and will inform the employee about having access to the insurance marketplace.

On the form there is a self-directed question for employees asking: “How can I get more information?”

The posted answer is: “For more information about your coverage offered by your employer, please check your summary plan description.”

Under the Affordable Care Act, the Employee Benefits Security Administration, which is under the DOL, has already begun auditing employers in 2013.

The listing of items required, including the summary plan description, can run several pages long, and an audit can take from six to 18 months in some cases.

If the employer does not have an SPD, they are given 30 days from the request of the DOL to get one. The civil penalty is up to \$110 per day.

The bottom line for businesses of all sizes is to investigate resources that will provide your summary plan description document.

— Henry GrosJean, independent broker since 1979 [henry@grosjean.com](mailto:henry@grosjean.com)