

**A Wrap document includes information on an employer's health and welfare plan and incorporates ("wraps around") other documents that provide detailed information about the benefits offered.**



## Wrap Document Questions and Answers

### **Are there rules on how the ERISA SPD should be distributed to employees?**

YES - SPD Delivery requirements: An SPD should be delivered to Participants within 90 days after they become covered or within 30 days of request. For a new Plan, the SPD must be distributed within 120 days after the Plan is established. An updated SPD must be furnished to all covered participants every 5 years and every 10 years even if the SPD has not changed. An SPD is required regardless of how many participants are covered. An employer should be prepared to prove that it furnished the SPD in a way that "reasonably calculated to ensure actual receipt," using a method "likely to result in full distribution." Acceptable methods of delivery include: first-class mail, hand-delivery, and electronically, if the employees have access to computers in the workplace and can print a copy easily. DOL regulations are quite clear that merely placing copies of the SPD in a break room or posting the SPD on an employer's website or intranet does not necessarily satisfy this requirement because it was not affirmatively delivered to the Participant.

### **Does an EAP (Employee Assistance Program) need to be included in the ERISA Wrap Document?**

An EAP that provides employees and their dependents with assistance in dealing with major personal problems arising in connection with their physical or mental health may be considered an "employee welfare plan" and subject to ERISA and worthy of inclusion in the Wrap Document. On the other hand, a program offering only referral services is probably exempt from ERISA, because it does not "provide" medical or other welfare benefits.

### **Employers may offer benefits with different eligibility periods. Should we define each of those eligibility periods for each of the benefits within the Wrap Document?**

The HRPro wrap document is intended to provide a comprehensive back-stop to each employer's underlying benefit programs and existing policy documents. It is designed to supplement, not replace, underlying policy/benefit design issues. To the extent that any particular benefit provides distinctly different eligibility, waiting period or other conditions on coverage from any other specific benefit item, the terms and conditions of the underlying benefit plan/policy document controls. Such provisions under the wrap document are merely intended to supplement those underlying benefit plan/policy documents to provide such Plan provisions in compliance with applicable federal law to the extent not otherwise addressed in a similar manner within the underlying benefit program document. It is not required or intended that the wrap would provide a comprehensive, alternative listing of separate benefit provisions that are otherwise contained in the underlying benefit plan/policy documents.



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### How is the eligibility for variable hour employees determined?

Under the monthly measurement method, the employer determines if an employee is a full-time employee on a month-by-month basis by looking at whether the employee has at least 130 hours of service for each month. This information is not included in the Wrap document. Under the look-back measurement method, an employer may determine the status of an employee as a full-time employee during what is referred to as the stability period, based upon the hours of service of the employee in the preceding period, which is referred to as the measurement period. This method is provided in the Wrap document.

### How often does the ERISA SPD need to be distributed to employees?

Automatically to participants within 90 days of becoming covered by the plan and to pension plan beneficiaries within 90 days after first receiving benefits. However, a plan has 120 days after becoming subject to ERISA to distribute the SPD. Updated SPD's must be furnished every 5 years if changes are made to the SPD information or a plan is amended. Otherwise, a new SPD must be furnished every 10 years.

### How often does the Wrap SPD need to be distributed to employees?

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### How should the plan year be determined for a new Wrap plan?

To stay consistent with benefit plan years, it is recommended to run the Wrap plan year consistent with all plans covered by the plan. For example: if the medical, dental and vision plan all renew on January 1, the Wrap document should start January 1 as well.

### Should I include Retirement Benefits in the WRAP document?

Information relating to retirement and pension plans should not be included in the Wrap SPDs and Wrap Plan Documents for Welfare Benefit Plans (these benefits should have their own, separate SPDs and Plan Documents).

### Standard Federal Timelines of Reimbursement Requests

Notification regarding original claim: Urgent Care - 72 Hours Pre-Service - 15 Days Post-Service - 30 Days  
Notification regarding appeals Urgent Care - 72 Hours Pre-Service - 30 Days Post-Service - 60 Days.

### What are some examples of plans that may be subject to ERISA?

Accidental Death & Dismemberment Health Flexible Spending Account Cancer Insurance Health Reimbursement Arrangement Dental Insurance Health Insurance Disability Insurance On site Medical Clinic EAPs (if medical care is provided) Vision Plan Group Term Life Insurance Wellness Plan.

### What are the claims administration/appeals procedures time frames for?

All benefits need to provide the time frames for claims administration or appeals notifications. If these procedures are stated within any benefit policy, certificate or booklet, those time frames take precedent over the information in the Wrap plan. If there is a situation where a particular benefit does not state the time frames for the claims administration or appeals notifications, the Wrap plan would govern this information. Almost all employers use the federal maximums in their Wrap plan.



## Wrap Document Questions and Answers

### What are the document requirements for employers if they are subject to ERISA?

Must have a written Plan Document in place (must provide upon request to employee). - Must distribute Summary Plan Description (SPD) to participants. NOTE: We include ERISA required notices in the Plan Document or SPD, IE; Cobra General Notice, HIPPA, CHIPRA, Womens Health & Cancer Rights Act, Newborns' Act, MCSO & QMCSO. - Summary of Benefits and Coverage (SBC) for each applicable Group Health Plan Benefit. - Annual Filing of Form 5500 and schedules, as required by ERISA Compliance rules by the Employer, (which includes a Summary Annual Report for distribution to participants within 9 months after the end of the plan year).

### What are the penalties for not having an ERISA Plan Document and SPD in place?

ERISA lawsuits from current or former employees - \$149/day for failure to provide documents to Department Of Labor - Failure to provide SBC to participants is now \$1105 per failure. ( as of 1.13.17) - Additional DOL Audits and Fines - Other penalties & taxes

### What does ERISA stand for?

Employee Retirement Income Security Act of 1974, and as amended from time to time. ERISA is a federal law that sets minimum standards for employee benefit plans both retirement and welfare benefit plans. Employers are responsible for ERISA compliance and other fiduciary roles.

### What if an employer needs a Wrap plan and it's the middle of their benefit plan year?

A short plan can be run as the first plan year for a Wrap document and subsequent years would run concurrent with all other benefits. For example: if an employers' normal benefit policies renew on January 1 and they want to set up a Wrap plan on July 1, a short plan year could be run from July 1 to December 31 of that year. Subsequent plan years for the Wrap plan would start on January 1 and end on December 31.

### What information should be included with each benefit that is listed in the Wrap document?

Type of benefit (ie. Health Insurance) Effective Date of Benefit Policy Number Excepted Benefit (yes/no) Carrier Providing Plan Benefit Administrator Info

### What is a "WRAP PLAN" ?

A Wrap Plan is when all employer-sponsored benefits are brought together under one Wrap Document. The Wrap plan requires its own Plan Number (independent, 500 series number), has it's own Plan effective date and may encompass all the employee benefits provided by the Employer. The Wrap Plan is then used to determine what the Form 5500 reporting date is and the requirements for reporting are based on all benefits under the Wrap Plan. IE, this may cause the participant count for all the benefits in totality to be over 100\*, requiring the Form 5500 filing. -- \* Participant count based on current regulations.

### What is a "Wrap" document and what information does it include?

The word "Wrap" has been adopted by the market to refer to the Plan Document and SPD that includes all of the ERISA required language for an employers' menu of welfare benefit plans. The document in effect "Wraps" around the covered benefits of an employer. The Wrap document provides the required ERISA language as a supplement to the information and details found in an insurance policy/certificate/booklet.

### What is the difference between a "New" plan and a "Restated/Amended" plan?

New: A "New" plan is established when an employer has never had a plan in place before. Restatement/Amendment: A "Restatement" is when an employer has an active plan in place currently and needs to add/change something about that document. By restating a document, the system requires



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that the original effective date be put into the system to bridge the gap from the old document to the new document. The word "Amendment" is used when there is a regulation change and a document needs to be updated. Basically, a document is "restated" when a current document is changed/amended.

### **What plan number should an employer assign to their Wrap plan?**

The regulations require that an ERISA plan number be assigned to the Wrap plan. The numbering protocol requires that the number be three digits long and begin with a 5. It is important to know if an employer has a Wrap plan currently in place. If so, it is very important to use that same plan number for consistency in case there have been past 5500 filings tied to that plan number. If the employer is setting up a new plan, it is important to assign a plan number that does not duplicate a number used with any other benefit plan under the employer (whether the plan is currently active or not). It is important to try and use consecutive plan numbers within an employer's benefit environment.

### **What should the "Plan Name" be for an employers' Wrap plan?**

There are no specific legal requirements for determining a welfare benefit plan's name. To help identify the plan, the plan's name typically includes both the plan sponsor's name and a general description of the benefits provided by the plan. The system will automatically assign the words "Wrap Plan" to the end of the employers' name and will be displayed as such on the cover page of the Plan Document and Summary Plan Description. The name can be changed as there is a form field in the system to allow for editing. Typical plan names: Wrap Plan ERISA Wrap Plan Health & Welfare Plan

### **What type and size of employers are subject to ERISA?**

ERISA covers all private sector employers of all business types who maintain welfare benefit plans (and/or retirement plans) for their employees. C-Corps, S-Corps, Partnerships, LLC, Sole Proprietors and Nonprofit organizations would be subject to ERISA laws. Whether a company has 1 or 1,000 employees, they would be subject to ERISA as there are no small employer exemptions from ERISA. Private sector employers that do not sponsor welfare benefit plans (and/or retirement plans) are not subject to ERISA.

### **What type of employers are not subject to ERISA?**

Public sector employers such as governments and church plans are not subject to ERISA. - Government entities: (city, county, township, village, state, etc) - Church plans: (church, parochial school, etc)

### **Who should be listed as the Agent for Service of Legal Process?**

The name or title of the individual designated by the employer to receive legal documents on behalf of the plan should be listed. This may be an employee or a third party (attorney etc.).

### **Who should be listed as the COBRA Administrator?**

The administrator that is handling the administration of COBRA. Most of the time, this is a third party that an employer has contracted with to handle the Cobra requirements.

### **Who should be listed as the Named Fiduciary?**

The name of a person or entity (employer) that can at the direction of the company, exercise authority or control over the management of a plan, or over the management or disposition of plan assets.

### **Who should be listed as the Plan Administrator of the Wrap Plan?**

The employer is typically the plan administrator and plan sponsor unless another party is assigned (in rare cases). The employer is directly responsible for Plan compliance and is liable for compliance penalties - even if the Employer has delegated the performance of its duties to another party.