

Avoiding a DOL Health Plan Audit

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At a recent International Foundation of Employee Benefit Plans (IFEBC) conference in San Francisco, the Department of Labor (DOL) reiterated its intent to actively seek out health and welfare plans across the country for audit. Employers should review plans for compliance, they say, paying close attention to these areas flagged by the DOL as points of interest.

- **Form 5500 filings** - As its first order of business, the DOL says it is identifying health plans that may be delinquent in their Form 5500 filings. Knowing that generally, when there is a pension plan, there is also a related health and welfare plan, the DOL is seeking out families of funds to detect filing delinquencies.
- **Medical Claims** - Beyond verifying that Form 5500 was indeed filed (for those health plans that meet the filing requirements), the DOL's focus also includes medical claims. As reported at the IFEBC conference, the DOL estimates that approximately 20% of all claims are paid incorrectly. Recognizing that benefit claim payments are very complex and pose a high risk for errors or fraud, the DOL asserts there could be problems with an insurance carrier, the claims processor who processes the transaction, and ultimately, with the plan itself.
- **Rx Programs** - The DOL is also concerned about unreasonable prescription drug programs and emphasized the importance of the trustees of health and welfare plans understanding these programs. The Department considers an unreasonable program to be one with unreasonably high fees and a lack of transparency.
- **Plan Documents** - The DOL recognizes that all plans are not the same and that each plan offers different benefits; therefore, a lot of the focus will be on the various plan documents and agreements that are the basis for the benefits that are paid. Benefits must be paid in accordance with plan documents on behalf of eligible participants and must be properly recorded in the financial statements.

More Audit Guidance Coming

ERA understands the ever increasing risk to our members of a DOL audit. So we will be hosting education programs in November to share more details about what the DOL is looking for and how to have a successful audit should they come visiting.