

When and How to Use a Wrap Document

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Wrap Basics

- Welfare document
- “Wraps” welfare plans of a plan sponsor under one document and plan number
- Main Purposes:
 - ERISA 5500 filings – one filing required for all plans included in a wrap
 - Plan document requirements
 - ERISA Notice Requirements - SPD
- In general benefits only extend to ERISA covered plans



5500 filings for Welfare plans

- Not required if < 100 participants as of the beginning of the plan year and unfunded, fully insured, or both
 - Unfunded welfare benefit plan
 - Benefits paid directly from general assets of the employer (employee contributions forwarded on w/in 3 mos)
 - No employee contributions
 - No trust
 - Safe plan meeting DOL Tech Release 92-01
 - Fully insured
 - Provided by insurance contracts/policies
- If one plan is subject to 5500 reporting, all included plans will be subject to reporting.



Support for Wrap Plan in 5500 Instructions

“The fact that you have separate insurance policies for each different welfare benefit does not necessarily mean that you have separate plans. Some plan sponsors use a 'wrap' document to incorporate various benefits and insurance policies into one comprehensive plan. In addition, whether a benefit arrangement is deemed to be a single plan may be different for purposes other than Form 5500 reporting. For example, special rules may apply for purposes of HIPAA, COBRA, and Internal Revenue Code compliance.”



Plan number for Wrap plan

- Plan number is used in 5500 filings as a unique ID for the plan (combined with EIN)
- Welfare plans start at 501
- A plan number should not be re-used for a different plan (even after termination)
- Numbers should be consecutive



ftwilliam.com Wrap Plan/SPD features

- Incorporates Plans/SPDs by reference
- Includes (most are optional features):
 - ERISA rights language (SPD)
 - ERISA claims (does not over-ride other plan language if ERISA compliant)
 - 3rd party recovery
 - COBRA
 - HIPAA privacy
 - HIPAA portability
 - FMLA
 - QMCSO
 - Custom language appendix options
 - ... Among others...



ftwilliam.com Wrap forms

- COBRA notices
- Certificate of Creditable Coverage
- QMCSO Procedures



ERISA SPD Requirements - 1

DOL Reg 2520.102-3

- Plan name
- Employer name and address
- EIN
- Type of plan (group health, disability, pre-paid legal services, etc)
- Type of administration of the plan (e.g., contract administration, insurer administration, etc)
- Plan administrator name, address and phone number
- Name/address of the person designated as agent for service of legal process
- The plan's requirements respecting eligibility for participation and for benefits.



ERISA SPD Requirements - 2

- Description or summary of benefits
- Qualified medical child support order (QMCSO) procedures
- Group health plans: cost-sharing provisions, premiums, deductibles, coinsurance, and copayment amounts ... annual or lifetime caps ... preventive services ... provider network ... preauthorizations ...



ERISA SPD Requirements - 3

- A statement identifying circumstances which may result in disqualification, ineligibility, or denial, loss, forfeiture, suspension, offset, reduction, or recovery
- Summary of any plan provisions governing the authority of the plan sponsors to terminate, amend or eliminate benefits under the plan
- COBRA information
- The sources of contributions to the plan— employer/employee --and the method by which the amount of contribution is calculated.
- ERISA rights



ERISA Notice Requirements - 4

- The identity of funding medium (i.e. insurance company, trust fund)
- Group health: name and address of the issuer, whether and to what extent benefits under the plan are guaranteed under a contract or policy of insurance issued by the issuer, and the nature of any administrative services (e.g., payment of claims) provided by the issuer.
- Fiscal year end
- The procedures governing claims for benefits: preauthorizations... procedures for filing claim forms... applicable time limits.
- Newborn and mother's health protection act



Wrap document software overview

