

Staying compliant

How to leverage technology to support health care reform, risk management and compliance **Interviewed by Matt McClellan**

Upcoming health care reforms will require employers to monitor and report so much information that staying compliant will require a lot of time and effort.

“There are already many laws and rules that exist today affecting employers who offer health insurance benefits to their employees. The Patient Protection and Affordable Care Act, popularly referred to as the health care reform law, will impose many more responsibilities, including many new reporting requirements,” says Alicia Saporito, partner, Millennium Corporate Solutions. “That’s why it is so important to partner with a broker or consultant that not only understands how your business is affected by the health care reform law but also how to use existing technology to help you stay on top of the rules and minimize your liability for failure to comply with many of the thousands of laws you are required to follow today and in the future.”

Smart Business spoke with Saporito about how technology can make compliance easier.



Alicia Saporito
Partner
Millennium Corporate Solutions

What do businesses need to know about new initiatives and requirements?

The new initiative is going to require that companies track and document much more information than they ever had to in the past. In addition, employers will have to report much more information about their health plan to the federal government. For example, employers must document it when they offer medical insurance to qualified dependents up to age 26 and that the employee had a full 30 days to make the election. Employers must also provide notice to employees that lifetime limits under medical insurance plans are no longer legal. Employers will have to provide a uniform explanation of coverage to their employees and they will have to provide notice to the employee 60 days in advance of any change in the benefit plan. A new reporting requirement will mandate that all employers report the value of the employee benefits on the W-2 of each employee. Noncompliant employers would be subject to hefty fines.

How can technology assist employers in complying with existing rules and requirements?

COBRA requires that employers provide timely notice to eligible participants of their rights and contains many important notices and timelines. HIPAA requires health plans offered by employers to document certain business processes and rules. This law also requires you to provide information about

benefits availability to eligible participants of the plan on a uniform basis.

Technology can help you provide historical proof that you offered benefits to eligible participants and document the reasons employees waived their right to participate under the health and welfare benefit plan. A good system will track all transactions and approvals and show a timestamp to provide an audit trail. You can track COBRA notices and prove how quickly required notices were issued. By using an automated system, employees will be notified well within the guidelines and this will minimize employer liability for failure to provide timely and accurate notices.

Using a technology tool will ensure that benefits deductions are fed to payroll correctly. When done manually, incorrect deductions may be sent to payroll and, instead of taking advantage of having their employees help pay for the cost of insurance, employers are then paying the full cost or, in some cases, overpaying the incorrect cost.

How can leveraging technology increase efficiency in the administration of benefit plans?

Employers are responsible for timely and accurate reporting of new enrollments and terminations to their benefit plan administrators or insurance companies. If there is a delay when an employee becomes eligible for

coverage and is actually added into the insurance company’s system, this could present a challenge not only to the employee but also the company’s HR department. If the employee experiences an urgent need to see a provider or in obtaining a required medication, the HR department will spend a lot of time helping the employee receive the medical attention they need while they wait for coverage verification from the insurance company. Even worse, from a risk management standpoint, if HR forgets to send the paperwork on a timely basis the insurance company can deny coverage altogether. The employer may be liable for the coverage promised to the employee. There is another employer liability if a deduction is taken from the employee’s pay while there was no coverage in place.

Employers who rely on manual reporting of changes in coverage to the insurance company may end up overpaying for their benefit plans. For example, if a company terminates someone’s employment, it has to terminate the coverage on a timely basis to avoid paying unnecessary premium for that individual. When you streamline the process by making it automatic with an electronic component, it makes it a lot more foolproof.

Where should an employer start with the compliance and technology evaluation process?

Employers should begin by performing an audit of their current practices and business process as they relate to the health and welfare benefit plans and evaluate them against the requirements set forth by state and federal law. Also, review all the information provided to employees. There should be practices in place to track and document all of this.

It is important to correct any deficiencies before they are discovered either by an employee complaint or through a Department of Labor audit. The federal government uses random audits to ensure that employers are complying with their various obligations under their health and welfare benefit plans. It’s important for employers to demonstrate they have the required documentation, systems and tools in place and that the information is stored in a secure manner as to protect the information as required under existing laws. A good employee benefit broker/consultant who is familiar with the laws as well as the technology available to employers to assist with compliance is a valuable resource. <<

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