Federal Register

Wednesday,
February 11, 2004

Part V

Department of Labor

Employee Benefits Security Administration

Publication of Year 2003 Form M–1 With Electronic Filing Option; Notice

DEPARTMENT OF LABOR

Employee Benefits Security Administration

Publication of Year 2003 Form M–1 With Electronic Filing Option

AGENCY: Employee Benefits Security Administration, Department of Labor.

ACTION: Notice on the availability of the Year 2003 Form M–1 with electronic filing option.

SUMMARY: This document announces the availability of the Year 2003 Form M–1, Annual Report for Multiple Employer Welfare Arrangements and Certain Entities Claiming Exception. A copy of this new form is attached. It is substantively identical to the 2002 Form M–1, except that 2003 filings may be made electronically over the Internet.

FOR FURTHER INFORMATION CONTACT: For inquiries regarding the Form M–1 filing requirement, contact Amy J. Turner or Katina W. Lee, Office of Health Plan Standards and Compliance Assistance, at (202) 693–8335. For inquiries regarding electronic filing capability, contact the EBSA computer help desk at (202) 693–8600. Questions on completing the form are being directed to the EBSA Form M–1 help desk at (202) 693–8360.

SUPPLEMENTARY INFORMATION:

I. Background

The Form M–1 is required to be filed under section 101(g) and section 734 of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and 29 CFR 2520.101–2.

II. The Year 2003 Form M–1

This document announces the availability of the Year 2003 Form M–1, Annual Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs). A copy of the new form is attached.

This year's Form M–1 is substantively identical to the Year 2002 Form M–1. However, the filing deadlines for the Year 2003 Form M–1 have been delayed due to the addition of the electronic filing option and to encourage filers to file the 2003 Form M–1 electronically. Specifically, the Year 2003 Form M–1 is now due May 1, 2004, with an extension until July 1, 2004 available.

The Employee Benefits Security Administration (EBSA) is committed to working together with administrators to help them comply with this filing requirement. Additional copies of the Form M–1 are available on the Internet at *http://www.dol.gov/ebsa.* In addition, after printing, copies will be available by calling the EBSA toll-free publication hotline at 1–866–444–EBSA (3272). Questions on completing the form are being directed to the EBSA help desk at (202) 693–8360.

Statutory Authority: 29 U.S.C. 1021–1025, 1027, 1029–31, 1059, 1132, 1134, 1135, 1181–1183, 1181 note, 1185, 1185a–b, 1191, 1191a–c; Secretary of Labor's Order No. 1–2003, 68 FR 5374 (February 2, 2003).

Signed at Washington, DC, this 5th day of February, 2004.

Ann L. Combs,

Assistant Secretary, Employee Benefits Security Administration.

BILLING CODE 4510–29–P

DOL EBSA
200 Constitution Avenue, NW
Room N5459
Washington, DC 20210

Official Business
Penalty for Privacy Use, $300

PRSRT STD
Postage and Fees Paid
Permit No.

2003

Form M-1 Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)

ALERT: Due to increased usage of computer generated forms, the DOL will not mail this package to filers of record next year. The form and instructions will continue to be available upon request.

Web-based filing now available!

Enjoy these additional benefits not available for paper filings:

Greater Accuracy
- Electronic-filing data is checked for errors to improve accuracy
- Built-in error checks mean fewer corrections and faster processing of your return

Increased Security
- Encryption of submitted data assures a high level of security
- Assigned Personal Identification Numbers (PINs) and secure filing website provide protected and secure access
- Direct processing reduces the manual handling of your return

Automated
- Website submission occurs immediately
- Eliminate postage expenses

Participation is easy!
- For information on Form M-1 electronic filing, please visit www.askebsa.dol.gov/mewa

This package contains the following form and related instructions:

Form M-1
Instructions
Self-Compliance Tool

If you have additional questions about the Form M-1 filing requirement or the ERISA health coverage requirements, there's help for you.

Form M-1 Filing Requirement

(1) For questions on completing the Form M-1, contact the Employee Benefits Security Administration's (EBSA) Form M-1 help desk at 202-693-8360.
(2) For inquiries regarding electronic filing capability, contact the EBSA computer help desk at 202-693-8600.
(3) For inquiries regarding the Form M-1 filing requirement, contact the Office of Health Plan Standards and Compliance Assistance at 202-693-8335.

ERISA Health Coverage Requirements

(1) For questions about ERISA's health coverage requirements, contact EBSA by calling toll-free 1-866-444-EBSA (3272) or electronically at www.askebsa.dol.gov.
(2) EBSA's Health Benefits Education Campaign offers compliance assistance seminars across the country addressing a wide variety of health care issues, including HIPAA, COBRA and the benefit claims procedure regulation. For information on upcoming compliance assistance seminars, go to www.dol.gov/ebsa/hbec.html.

The Department of Labor's EBSA has many helpful compliance assistance publications on ERISA's health benefits requirements, including:

- MEWAs (Multiple Employer Welfare Arrangements): A Guide to Federal and State Regulation
- Compliance Assistance Guide: Recent Changes in Health Care Law
- Compliance Assistance for Group Health Plans: HIPAA and Other Recent Health Care Laws
- New Health Laws Notice Guide
- Self-Compliance Tool for Part 7 of ERISA: HIPAA and Other Health Care-Related Laws (included as an attachment to this document)
- Your Rights After a Mastectomy . . . Women's Health and Cancer Rights Act of 1998
- Health Benefits Under the Consolidated Omnibus Budget Reconciliation Act (COBRA)
- Compliance Assistance for Group Health and Disability Plans - The Benefit Claims Procedure Regulation

EBSA also has many publications to assist participants and beneficiaries. EBSA's publications are available on the Internet at www.dol.gov/ebsa or by calling toll-free 1-866-444-EBSA (3272).

2003 Form M-1

MEWA/ECE Form

This Form is Open to Public Inspection

Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)

This report is required to be filed under section 101(g) of the Employee Retirement Income Security Act of 1974 and 29 CFR 2520.101-2.
→ See separate instructions before completing this form.

OMB No. 1210-0116

Department of Labor
Employee Benefits
Security Administration

PART I REPORT IDENTIFICATION INFORMATION

Complete either Item **A** or Item **B** (as applicable) and Item **C**.

A If this is an annual report, specify whether it is for:
(*1*) ❑ The 2003 calendar year; or
(*2*) ❑ The fiscal year beginning _____ and ending _____.
mm/dd/yyyy mm/dd/yyyy

B If this is a special filing, specify whether it is:
(*1*) ❑ A 90-day origination report;
(*2*) ❑ An amended report; or
(*3*) ❑ A request for an extension.

C If this is a final report, check here . . . . . → ❑

PART II MEWA OR ECE IDENTIFICATION INFORMATION

1a Name and address of the MEWA or ECE	**1b** Telephone number of the MEWA or ECE
	1c Employer Identification Number (EIN)
	1d Plan Number (PN)
2a Name and address of the administrator of the MEWA or ECE	**2b** Telephone number of the administrator
	2c EIN
	2d E-mail address of the Administrator
3a Name and address of the entity sponsoring the MEWA or ECE	**3b** Telephone number of the sponsor
	3c EIN

PART III REGISTRATION INFORMATION

4 Specify the most recent date the MEWA or ECE was originated . . . . . → _____

5 Complete the following chart. (See Instructions for **Item 5**)

5a	5b	5c	5d	5e	5f	5g
Enter all States where the entity provides coverage.	Is the entity a licensed health insurance issuer in this State?	If you answer "yes" to **5b**, list any NAIC number.	If you answer "no" to **5b**, is the entity fully insured?	If you answer "yes" to **5d**, enter the name of the insurer and its NAIC number.	Does the entity purchase stop-loss coverage?	If you answer "yes" to **5f**, enter the name of the stop-loss insurer and its NAIC number.
	❑ Yes ❑ No		❑ Yes ❑ No		❑ Yes ❑ No	
	❑ Yes ❑ No		❑ Yes ❑ No		❑ Yes ❑ No	
	❑ Yes ❑ No		❑ Yes ❑ No		❑ Yes ❑ No	
	❑ Yes ❑ No		❑ Yes ❑ No		❑ Yes ❑ No	
	❑ Yes ❑ No		❑ Yes ❑ No		❑ Yes ❑ No	

For Paperwork Reduction Act Notice, see page 8 of the instructions.

6 Of the States identified in **Item 5a**, list those States in which the MEWA or ECE conducted 20 percent or more of its business (based on the number of participants receiving coverage for medical care under the MEWA or ECE).

7 Total number of participants covered under the MEWA or ECE . . . . . → _____

PART IV INFORMATION FOR COMPLIANCE WITH PART 7 OF ERISA

8a Has the MEWA or ECE been involved in any litigation or enforcement proceeding in which noncompliance with any provision of Part 7 of Subtitle B of Title I (Part 7) of ERISA was alleged? Answer for the year to which this filing applies and any time since then up to the date of completing this form. Answer "Yes" for any State or Federal litigation or enforcement proceeding (including any administrative proceeding), whether the allegation concerns a provision under Part 7 of ERISA, a corresponding provision under the Internal Revenue Code or Public Health Service Act, a breach of any duty under Title I of ERISA if the underlying violation relates to a requirement under Part 7 of ERISA, or a breach of a contractual obligation if the contract provision relates to a requirement under Part 7 of ERISA. (The instructions to this form contain additional information that may be helpful in answering this question.) . . . . . → ❑ Yes ❑ No

8b If you answered "Yes" to **Item 8a**, identify each litigation or enforcement proceeding. With respect to each, include (if applicable): (1) the case number, (2) the date, (3) the nature of the proceedings, (4) the court, (5) all parties (for example, plaintiffs and defendants or petitioners and respondents), and (6) the disposition. You may answer this question by attaching a copy of the complaint with the name of the MEWA or ECE, the disposition of the case, and the phrase "Item 8b Attachment," noted in the upper right corner.

9 Complete the following. (Note: The instructions to this form contain a Self-Compliance Tool which may be helpful in completing this item. Please read the instructions carefully before answering the following questions.)

9a Is the coverage provided by the MEWA or ECE in compliance with the portability provisions of the Health Insurance Portability and Accountability Act of 1996 and the Department of Labor's (Department's) regulations issued thereunder? (See Part I of the Self-Compliance Tool)	→ ❑ Yes ❑ No ❑ N/A
9b Is the coverage provided by the MEWA or ECE in compliance with the Mental Health Parity Act of 1996 and the Department's regulations issued thereunder? (See Part II of the Self-Compliance Tool)	→ ❑ Yes ❑ No ❑ N/A
9c Is the coverage provided by the MEWA or ECE in compliance with the Newborns' and Mothers' Health Protection Act of 1996 and the Department's regulations issued thereunder? (See Part III of the Self-Compliance Tool)	→ ❑ Yes ❑ No ❑ N/A
9d Is the coverage provided by the MEWA or ECE in compliance with the Women's Health and Cancer Rights Act of 1998? (See Part IV of the Self-Compliance Tool)	→ ❑ Yes ❑ No ❑ N/A

IF MORE SPACE IS REQUIRED FOR ANY ITEM, YOU MAY ATTACH ADDITIONAL PAGES. (SEE INSTRUCTIONS SECTION 2.4)

Caution: *Penalties may apply in the case of a late or incomplete filing of this report.*

Under penalty of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including any accompanying attachments, and to the best of my knowledge and belief, it is true and correct. Under penalty of perjury and other penalties set forth in the instructions, I also declare that, unless this is an extension request, this report is complete.

Signature of administrator → _____ Date → _____

Type or print name of administrator → _____

Department of Labor
Employee Benefits Security Administration

Year 2003
Instructions for Form M-1

Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)

ERISA refers to the Employee Retirement Income Security Act of 1974, as amended

Changes to Note for 2003

- Part II of the Form - A new line 2(d) has been added requesting the email address of the MEWA or ECE administrator. At the administrator's discretion, the 2003 Form M-1 can be filed electronically with the Department of Labor (Department). Inclusion of an email address allows the Department to contact the administrator in the event problems arise, particularly with an electronic filing.
- The voluntary worksheets have been replaced with the Employee Benefits Security Administration's (EBSA's) new Self-Compliance Tool.
- Section 1.2 of the Instructions has been amended to coincide with the Department's recently published final regulations governing reporting by MEWAs and certain other entities that offer or provide coverage for medical care to employees of two or more employers (29 CFR 2520.101-2).
- Section 1.2 has also been amended to eliminate good faith determinations regarding whether an entity is an entity claiming exception (ECE). For guidance regarding ECE determinations see the Department's final regulations at 29 CFR 2510.3-40.
- The deadline for this year's Form M-1 has been extended due to the new electronic feature.The Year 2003 Form M-1 is now due May 1, 2004, with an extension until July 1, 2004, available to give plan administrators time to prepare their 2003 Form M-1 information and to encourage the use of the new electronic filing option.

Introduction

This form is required to be filed under sections 101(g) and 734 of ERISA and 29 CFR 2520.101-2.

The Department of Labor, EBSA, is committed to working together with administrators to help them comply with this filing requirement. Additional copies of the Form M-1 are available by calling the **EBSA toll-free hotline at 1-866-444-3272** and on the Internet at: **www.dol.gov/ebsa.** If you have any questions (such as whether you are required to file this report) or if you need any assistance in completing this report, please call the **EBSA Form M-1 help desk at (202) 693-8360.**

All Form M-1 reports are subject to a computerized review. It is in the filer's best interest that the responses accurately reflect the circumstances they were designed to report.

Contents

The instructions are divided into three main sections.

Section 1

	Page
1.1 Definitions	2
1.2 Who Must File	3
1.3 When to File	4
1.4 How to File	4
1.5 Penalties	4

Section 2

2.1 Year to be Reported	5
2.2 90-Day Origination Report	5
2.3 Signature and Date	5
2.4 Attaching Additional Pages	5
2.5 Amended Report	5

Section 3

3.1 Line-By-Line Instructions	5
3.2 Self-Compliance Tool	8

Paperwork Reduction Act Notice	8

SECTION 1

1.1 Definitions

"Administrator"
For purposes of this report, the "administrator" is the person specifically designated by the terms of the MEWA or ECE. However, if the MEWA or ECE is a group health plan and the administrator is not so designated, the "plan sponsor" is the administrator. ("Plan sponsor" is defined in ERISA section 3(16)(B) as (i) the employer in the case of an employee benefit plan established or maintained by a single employer; (ii) the employee organization in the case of a plan established or maintained by an employee organization; or (iii) in the case of a plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.) Moreover, in the case of a MEWA or ECE for which an administrator is not designated and a plan sponsor cannot be identified, the administrator is the person or persons actually responsible (whether or not so designated under the terms of the MEWA or ECE) for the control, disposition, or management of the cash or property received by or contributed to the MEWA or ECE, irrespective of whether such control, disposition, or management is exercised directly by such person or persons or indirectly through an agent or trustee designated by such person or persons.

"Employer Identification Number" or "EIN"
An EIN is a nine-digit employer identification number (for example, 00-1234567) that has been assigned by the IRS. Entities that do not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number as soon as possible. You can obtain Form SS-4 by calling 1-800-TAX-FORM (1-800-829-3676) or at the IRS website at www.irs.gov. EBSA does NOT issue EINs.

"Entity Claiming Exception" or "ECE"
For purposes of this report, the term "entity claiming exception" or "ECE" means any plan or other arrangement that is established or maintained for the purpose of offering or providing medical benefits to the employees of two or more employers (including one or more self-employed individuals), or to their beneficiaries, and that claims it is not a MEWA because the plan or other arrangement claims the exception relating to plans established or maintained pursuant to one or more collective bargaining agreements (see section 3(40)(A)(i) of ERISA and 29 CFR 2510.3-40 of the Department's regulations.)

The administrator of an ECE must file this report each year for the first 3 years after the ECE is "originated." (Warning: An ECE may be "originated" more than once. Each time an ECE is "originated" more filings are triggered.)

"Employee Welfare Benefit Plan"
In general, an employee welfare benefit plan means any plan, fund, or program established or maintained by an employer or by an employee organization, or by both, to the extent such plan, fund, or program provides its participants or beneficiaries the benefits listed in section 3(1) of ERISA (including benefits for medical care).

"Excepted Benefits"
Part 7 of Subtitle B of Title I (Part 7) of ERISA does not apply to any group health plan or group health insurance issuer in relation to its provision of excepted benefits.

Certain benefits that are generally not health coverage are excepted in all circumstances. These benefits are: coverage only for accident (including accidental death and dismemberment), disability income insurance, liability insurance (including general liability insurance and automobile liability insurance), coverage issued as a supplement to liability insurance, workers' compensation or similar insurance, automobile medical payment insurance, credit-only insurance (for example, mortgage insurance), and coverage for on-site medical clinics.

Other benefits that generally are health coverage are excepted if certain conditions are met. Specifically, limited scope dental benefits, limited scope vision benefits, and long-term care benefits are excepted if they are provided under a separate policy, certificate, or contract of insurance, or are otherwise not an integral part of the group health plan. For more information on these limited excepted benefits, see the Department of Labor's regulations at 29 CFR 2590.732(b)(3).

In addition, noncoordinated benefits may be excepted benefits. The term "noncoordinated benefits" refers to coverage for a specified disease or illness (such as cancer-only coverage) or hospital indemnity or other fixed dollar indemnity insurance (such as insurance that pays $100/day for a hospital stay as its only insurance benefit), if three conditions are met. First, the benefits must be provided under a separate policy, certificate, or contract of insurance. Second, there can be no coordination between the provision of these benefits and another exclusion of benefits under a group health plan maintained by the same plan sponsor. Third, benefits must be paid without regard to whether benefits are provided with respect to the same event under a group health plan maintained by the same plan sponsor. For more information on these noncoordinated excepted benefits, see the Department of Labor's regulations at 29 CFR 2590.732(b)(4).

Finally, supplemental benefits may be excepted if certain conditions are met. Specifically, the benefits are excepted only if they are provided under a separate policy, certificate or contract of insurance, and the benefits are medicare supplemental (commonly known as "Medigap" or "MedSupp") policies, TRICARE supplements, or supplements to certain employer group health plans. Such supplemental coverage cannot duplicate primary coverage and must be specifically designed to fill gaps in primary coverage, coinsurance, or deductibles.

Note that retiree coverage under a group health plan that coordinates with Medicare may serve a supplemental function similar to that of a Medigap policy. However, such employer-provided retiree "wrap around" benefits are not excepted benefits (because they are expressly excluded from the definition of a Medicare supplemental policy in section 1882(g)(1) of the Social Security Act). For more information on supplemental excepted benefits, see the Department of Labor's regulations at 29 CFR 2590.732(b)(5).

"Group Health Plan"
In general, a group health plan means an employee welfare benefit plan to the extent that the plan provides benefits for medical care to employees or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise. See ERISA section 733(a).

"Health Insurance Issuer" or "Issuer"
The term "health insurance issuer" or "issuer" is defined, in pertinent part, in §2590.701-2 of the Department's regulations as "an insurance company, insurance service, or insurance organization (including an HMO) that is required to be licensed to engage in the business of insurance in a State and that is subject to State law which regulates insurance . . . . Such term does not include a group health plan."

"Multiple Employer Welfare Arrangement" or "MEWA"
In general, a multiple employer welfare arrangement (MEWA) is an employee welfare benefit plan or other arrangement that is established or maintained for the purpose of offering or providing medical benefits to the employees of two or more employers (including one or more self-employed individuals), or to their beneficiaries, except that the term does not include any such plan or other arrangement that is established or maintained under or pursuant to one or more agreements that the Secretary finds to be collective bargaining agreements, by a rural electric cooperative, or by a rural telephone cooperative association. See ERISA section 3(40) and 29 CFR 2510.3-40 of the Department's regulations. (Note: Many States regulate entities as MEWAs using their own, State definition of the term. Whether or not an entity meets a State's definition of a MEWA for purposes of regulation under State law is a matter of State law.)

For more information on MEWAs, visit EBSA's Web site at **www.dol.gov/ebsa** or call the **EBSA toll-free hotline** at **1-866-444-3272** and ask for the booklet entitled, "MEWAs: Multiple Employer Welfare Arrangements Under the Employee Retirement Income Security Act: A Guide to Federal and State Regulation."

For information on State MEWA regulation, contact your State Insurance Department.

"Originated"
For purposes of this report, a MEWA or ECE is "originated" each time any of the following events occur:

(1) The MEWA or ECE first begins offering or providing coverage for medical care to the employees of two or more employers (including one or more self-employed individuals);

(2) The MEWA or ECE begins offering or providing such coverage after any merger of MEWAs or ECEs (unless all MEWAs or ECEs involved in the merger were last originated at least 3 years prior to the merger); or

(3) The number of employees to which the MEWA or ECE provides coverage for medical care is at least 50 percent greater than the number of such employees on the last day of the previous calendar year (unless such increase is due to a merger with another MEWA or ECE under which all MEWAs and ECEs that participate in the merger were last originated at least 3 years prior to the merger).

Therefore, a MEWA or ECE may be originated more than once.

"Plan Number" or "PN"
A PN is a three-digit number assigned to a plan or other entity by an employer or plan administrator. For plans or other entities providing welfare benefits, the first plan number should be number 501 and additional plans should be numbered consecutively. For MEWAs and ECEs that file a Form 5500 Annual Return/Report of Employee Benefit Plan (Form 5500), the same PN should be used for the Form M-1. (For more information on the Form 5500 you can access **www.efast.dol.gov** or call toll-free at **1-866-463-3278**.)

"Sponsor"
For purposes of this report, the "sponsor" means:

(1) If the MEWA or ECE is a group health plan, the sponsor is the "plan sponsor," which is defined in ERISA section 3(16)(B) as (i) the employer in the case of an employee benefit plan established or maintained by a single employer; (ii) the employee organization in the case of a plan established or maintained by an employee organization; or (iii) in the case of a plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan; or

(2) If the MEWA or ECE is not a group health plan, the sponsor is the entity that establishes or maintains the MEWA or ECE.

1.2 Who Must File

General Rules
The administrator of a MEWA generally must file this report for every calendar year, or portion thereof, that the MEWA offers or provides benefits for medical care to the employees of two or more employers (including one or more self-employed individuals). The administrator of an ECE must file the report if the ECE was last originated at any time within 3 years before the annual filing due date. (See the definition of "originated" in Section 1.1 and the discussion of When to File in Section 1.3.) **(Caution:** An ECE may be "originated" more than once. Each time an ECE is "originated," more filings are triggered.)

Exceptions

(1) Irrespective of the general rules (described above), in no event is reporting required by the administrator of a MEWA or ECE if the MEWA or ECE meets any of the following conditions:

(i) It is licensed or authorized to operate as a health insurance issuer in every State in which it offers or provides coverage for medical care to employees (or to their beneficiaries).

(ii) It provides coverage that consists solely of excepted benefits (defined above), which are not subject to Part 7 of ERISA. (However, if the MEWA or ECE provides coverage that consists both of excepted benefits and other benefits for medical care that are not excepted benefits, the administrator of the MEWA or ECE is required to file the Form M-1.)

(iii) It is a group health plan that is not subject to ERISA, including a governmental plan, church plan, or plan maintained only for the purpose of complying with workers' compensation laws within the meaning of sections 4(b)(1), 4(b)(2), or 4(b)(3) of ERISA, respectively.

(iv) It provides coverage only through group health plans that are not covered by ERISA, including governmental plans, church plans, and plans maintained only for the purpose of complying with workers' compensation laws within the meaning of sections 4(b)(1), 4(b)(2), or 4(b)(3) of ERISA, respectively.

(2) In addition, in no event is reporting required by the administrator of an entity that would not constitute a MEWA or ECE but for the following circumstances:

(i) It provides coverage to the employees of two or more trades or businesses that share a common control interest of at least 25 percent at any time during the plan year, applying principles similar to the principles applied under section 414(b) or (c) of the Internal Revenue Code.

(ii) It provides coverage to the employees of two or more employers due to a change in control of businesses (such as a merger or acquisition) that occurs for a purpose other than avoiding Form M-1 filing and is temporary in nature (*i.e.*, it does not extend beyond the end of the plan year in which the change in control occurs).

(iii) It provides coverage to persons (excluding spouses and dependents) who are not employees or former employees of the plan sponsor, such as nonemployee members of the board of directors or independent contractors, and the number of such persons who are not employees or former employees does not exceed one percent of the total number of employees or former employees covered under the arrangement, determined as of the last day of the year to be reported or, in the case of a 90-day origination report, determined as of the 60th day following the origination date.

1.3 When to File

General Rule

The Form M-1 must be filed no later than March 1 following any calendar year for which a filing is required (unless March 1 is a Saturday, Sunday, or federal holiday, in which case the form must be filed no later than the next business day).

Exception for 2003 Filings

The deadline for this year's Form M-1 has been extended from March 1, 2004 to May 1, 2004 and the automatic 60-day extension has been extended from May 1, 2004 to July 1, 2004.

90-Day Origination Report

In general, an expedited filing is also required after a MEWA or ECE is originated. To satisfy this requirement, the administrator must complete and file the Form M-1 within 90 days of the date the MEWA or ECE is originated (unless the last day of the 90-day period is a Saturday, Sunday, or federal holiday, in which case the form must be filed no later than the next business day).

Exception to the 90-Day Origination Report Requirement

No 90-Day Origination Report is required if the entity was originated in October, November, or December.

Extensions of Time

A one-time extension of time to file will automatically be granted if the administrator of the MEWA or ECE requests an extension. To request an extension, the administrator must: (1) complete Parts I and II of the Form M-1 (and check Box B(3) in Part I); (2) sign, date, and type or print the administrator's name at the end of the form; and (3) file this request for extension no later than the normal due date for the Form M-1. In such a case, the administrator will have an additional 60 days to file a completed Form M-1. A copy of this request for extension must be attached to the completed Form M-1 when filed.

1.4 How to File

The 2003 Form M-1 can be filed electronically with the Department of Labor by going to www.askebsa.dol.gov/mewa.

In addition, completed paper copies of the Form M-1 can be sent to:

Public Documents Room, EBSA
Room N-1513, U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

1.5 Penalties

ERISA provides for a civil penalty for failure to file a Form M-1, failure to file a completed Form M-1, and late filings. In the event of no filing, an incomplete filing, or a late filing, a penalty may apply of up to $1,100 a day for each day that the administrator of the MEWA or ECE fails or refuses to file a complete report (or a higher amount if adjusted pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996). In addition, certain other penalties may apply.

SECTION 2

2.1 Year to be Reported

General Rule
The administrator of a MEWA or ECE that is required to file must complete the Form M-1 using the previous calendar year's information. (For example, for a filing due by March 1, 2004, calendar year 2003 information should be used.) See Exception for 2003 Filings in Section 1.3 on when to file.

Fiscal Year Exception
The administrator of a MEWA or ECE that is required to file may report using fiscal year information if the administrator of the MEWA or ECE has at least 6 continuous months of fiscal year information to report. (Thus, for example, for a filing that is due by March 1, 2004, fiscal year 2003 information may be used if the administrator has at least 6 continuous months of fiscal year 2003 information to report.) In this case, the administrator should check Box A(2) in Part I and specify the fiscal year. See Exception for 2003 Filings in Section 1.3 on when to file.

2.2 90-Day Origination Report

When a MEWA or ECE is originated, a 90-Day Origination Report is generally required. (See Section 1.3 on When to File). When filing a 90-Day Origination Report, the administrator is required to complete the Form M-1 using information based on at least 60 continuous days of operation by the MEWA or ECE.

Remember, there is an exception to the 90-Day Origination Report requirement. No 90-Day Origination Report is required if the entity was originated in October, November, or December.

2.3 Signature and Date

For paper filings, the administrator must sign and date the report. The signature must be original. The name of the individual who signed as the administrator must be typed or printed clearly on the line under the signature line.

If filing online, the administrator must safeguard the EBSA-assigned Personal Identification Number (PIN) and acknowledge the online certification that the online filer is the administrator authorized to submit the filing on behalf of the MEWA or ECE. This electronic acknowledgement will bind the administrator to the information submitted on the electronic filing in lieu of an original signature.

2.4 Attaching Additional Pages

For paper filings, if more space is needed to complete any item on the Form M-1, additional pages may be attached. Additional pages must be the same size as this form (8 1/2" x 11") and should include the name of the MEWA or ECE, the Item number, and the word "Attachment" in the upper right corner. In addition, the attachment for any item should be in a format similar to that item on the form.

If filing online, these additional pages may be uploaded online at the web filing site.

2.5 Amended Report

For paper filings, to correct errors and/or omissions on a previously filed Form M-1, submit a completed Form M-1 with Part I, Box B(2) checked and an original signature. When filing an amended report on paper, answer all questions and circle the amended line numbers.

Online filers may file an amended report by selecting *New Filing* at the web filing site and selecting Item B(2) "An amended report."

SECTION 3

Important: "Yes/No" questions must be marked "Yes" or "No," but not both. "N/A" is not an acceptable response unless expressly permitted in the instructions to that line.

3.1 Line-By-Line Instructions

Part I - Report Identification Information
Complete either Item A or Item B, as applicable.

Annual Reports: If this is an annual report, check either box A(1) or box A(2).

Box A(1): Check this box if calendar year information is being used to complete this report. (See Section 2.1 on Year to be Reported.)

Box A(2): Check this box if fiscal year information is being used to complete this report. Also specify the fiscal year. (For example, if fiscal year 2003 information is being used instead of calendar year 2003 information, specify the dates the fiscal year begins and ends.) (See Section 2.1 on Year to be Reported.)

Special Filings: If this is a special filing, check either box B(1), box B(2), or box B(3).

Box B(1): Check this box if the filing is a 90-Day Origination Report. (See Section 1.2 on Who Must File, Section 1.3 on When to File, and Section 2.2 on 90-Day Origination Report.)

Box B(2): Check this box if the filing is an Amended Report. (See Section 2.5 on Amended Reports.)

Box B(3): Check this box if the administrator of the MEWA or ECE is requesting an extension. (See Section 1.3 on When to File.)

Final Reports: Check the box in Item C if the administrator does not intend to file a Form M-1 next year. For example, if this is the third filing following an origination for an ECE, or if a MEWA has ceased operations, the administrator must check this box.

Part II - MEWA or ECE Identification Information

Items 1a through 1d: Enter the name, address, and telephone number of the MEWA or ECE, and any EIN and PN used by the MEWA or ECE in reporting to the Department of Labor or the Internal Revenue Service. If the MEWA or ECE does not have any EINs associated with it, leave Item 1c blank. If the MEWA or ECE does not have any PNs associated with it, leave Item 1d blank. In answering these questions, list only EINs and PNs used by the MEWA or ECE itself and not those used by group health plans or employers that purchase coverage through the MEWA or ECE. For more information on EINs or PNs see Section 1.1 on Definitions.

Items 2a through 2d: Enter the name, address, telephone number and email address of the administrator of the MEWA or ECE, and the EIN used by the administrator in reporting to the Department of Labor or the Internal Revenue Service. For this purpose, use only an EIN associated with the administrator as a separate entity. Do not use any EIN associated with the MEWA or ECE itself. Inclusion of an email address allows the Department of Labor to contact the administrator in the event problems arise, particularly with an electronic filing. For more information on the definition of "administrator," and on EINs, see Section 1.1 on Definitions.

Items 3a through 3c: Enter the name, address, and telephone number of the entity sponsoring the MEWA or ECE, and any EIN used by the sponsor in reporting to the Department of Labor or the Internal Revenue Service. For this purpose, use only an EIN associated with the sponsor. Do not use any EIN associated with the MEWA or ECE itself. For more information on the definition of "sponsor," and on EINs, see Section 1.1 on Definitions. If there is no such entity, leave Item 3 blank and skip to Item 4.

Part III - Registration Information

Item 4: Enter the date the MEWA or ECE was most recently "originated." For this purpose, see the definition of "originated" in Section 1.1.

Item 5: Complete the chart. If the report is a 90-Day Origination Report, complete this item with information that is current as of the 60th day following the origination date. Otherwise, complete this item with information that is current as of the last day of the year to be reported. (See Section 2.1 on Year to be Reported.) When completing the chart, complete Item 5a first. Then for each row, complete Item 5b through Item 5g as it applies to the State listed in Item 5a.

Item 5a. Enter all States in which the MEWA or ECE provides benefits for medical coverage. For this purpose, list the State(s) where the employers (of the employees receiving coverage) are domiciled. In answering this question, a "State" includes any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, and the Northern Mariana Islands. Enter one State per row.

Item 5b. For each State listed in Item 5a, specify whether the MEWA or ECE is licensed or otherwise authorized to operate as a health insurance issuer in the State listed in that row. (For a definition of the term "health insurance issuer," see Section 1.1.) For more information on whether an entity that is a licensed or registered MEWA in a State meets the definition of a health insurance issuer in that State, contact the State Insurance Department.

Item 5c. For each "yes" answer in Item 5b, enter the National Association of Insurance Commissioners (NAIC) number.

Item 5d. For each "no" answer in Item 5b, specify whether the MEWA or ECE is fully insured through one or more health insurance issuers in each State.

Item 5e. For each "yes" answer in Item 5d, enter the name of the insurer and its NAIC number (if available). If there is more than one insurer, enter all insurers and their NAIC numbers (if available).

Item 5f. In each State listed in Item 5a, specify whether the MEWA or ECE has purchased any stop-loss coverage. For this purpose, stop-loss coverage includes any coverage defined by the State as stop-loss coverage. For this purpose, stop-loss coverage also includes any financial reimbursement instrument that is related to liability for the payment of health claims by the MEWA or ECE, including reinsurance and excess loss insurance.

Item 5g. For each "yes" answer in Item 5f, enter the name of the stop-loss insurer and its NAIC number (if available). If there is more than one stop-loss insurer, enter all stop-loss insurers and their NAIC numbers (if available).

Item 6: Of the States identified in Item 5a, identify all States in which the MEWA or ECE conducted 20 percent or more of its business (based on the number of participants receiving coverage for medical care under the MEWA or ECE).

For example, consider a MEWA that offers or provides coverage to the employees of six employers. Two employers are located in State X and 70 participants in the MEWA receive coverage through these two employers. Three employers are located in State Y and 30 participants in the MEWA receive coverage through these three employers. Finally, one employer is located in State Z and 200 participants in the MEWA receive coverage through this employer. In this example, the administrator of the MEWA should specify State X and State Z under Item 6 because the MEWA conducts 23 1/3 percent of its business in State X (70/300 = 23 1/3 percent) and 66 2/3 percent of its business in State Z (200/300 = 66 2/3 percent). However, the administrator should not specify State Y because the MEWA conducts only 10 percent of its business in State Y (30/300 = 10 percent).

If the report is a 90-Day Origination Report, complete this item with information that is current as of the 60th day following the origination date. Otherwise, complete this item with information that is current as of the last day of the year to be reported. (See Section 2.1 on Year to be Reported.)

Item 7: Identify the total number of participants covered under the MEWA or ECE. For more information on determining the number of participants, see the Department of Labor's regulations at 29 CFR 2510.3-3(d).

If the report is a 90-Day Origination Report, complete this item with information that is current as of the 60th day following the origination date. Otherwise, complete this item with information that is current as of the last day of the year to be reported. (See Section 2.1 on Year to be Reported.)

Part IV - Information for Compliance with Part 7 of ERISA

Background Information on Part 7 of ERISA: On August 21, 1996, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) was enacted. On September 26, 1996, both the Mental Health Parity Act of 1996 (MHPA) and the Newborns' and Mothers' Health Protection Act of 1996 (Newborns' Act) were enacted. On October 21, 1998, the Women's Health and Cancer Rights Act of 1998 (WHCRA) was enacted. All of the foregoing laws amended Part 7 of Subtitle B of Title I (Part 7) of ERISA with new requirements for group health plans. With respect to most of these requirements, corresponding provisions are contained in Chapter 100 of Subtitle K of the Internal Revenue Code (Code) and Title XXVII of the Public Health Service Act (PHS Act). These provisions generally are substantively identical.

The Departments of Labor, the Treasury, and Health and Human Services first issued interim final regulations implementing HIPAA's portability, access, and renewability provisions on April 1, 1997 (published in the Federal Register on April 8, 1997, 62 FR 16893). Two clarifications of the HIPAA regulations were published in the Federal Register on December 29, 1997, at 62 FR 67687. Additional interim final regulations and proposed regulations on HIPAA's nondiscrimination provisions were published in the Federal Register on January 8, 2001, at 66 FR 1378. Regulations implementing the MHPA provisions were published in the Federal Register on December 22, 1997, at 62 FR 66931. The sunset date of these regulations has been extended through 2003. See 68 FR 18048 (April 14, 2003). Also, regulations implementing the substantive provisions of the Newborns' Act were published in the Federal Register on October 27, 1998, at 63 FR 57545. Moreover, the notice requirements with respect to group health plans that provide coverage for maternity or newborn infant coverage are described in the Department of Labor's summary plan description content regulations at 2520.102-3(u). Finally, the Department of Labor has published two sets of informal, question-and-answer guidance on WHCRA. These sets of question-and-answer guidance are available on the Department's website at **www.dol.gov/ebsa** and from **EBSA's toll-free hotline at 1-866-444-3272.**

General Information Regarding the Applicability of Part 7: In general, the foregoing provisions apply to group health plans and health insurance issuers in connection with a group health plan.

Many MEWAs and ECEs are group health plans or health insurance issuers. However, even if a MEWA or ECE is neither a group health plan nor a health insurance issuer, if the MEWA or ECE offers or provides benefits for medical care through one or more group health plans, the coverage is required to comply with Part 7 of ERISA and the MEWA or ECE is required to complete Items 8a through 9d.

Relation to Other Laws: States may, under certain circumstances, impose stricter laws with respect to health insurance issuers. Generally, questions concerning State laws should be directed to that State's Insurance Department.

For More Information: EBSA has published four compliance assistance publications on these recent health care laws. The first, "Compliance Assistance Guide: Recent Changes in Health Care Law," includes comprehensive information on HIPAA, MHPA, the Newborns' Act, and WHCRA. The second, "Compliance Assistance for Group Health Plans: HIPAA and Other Recent Health Care Laws" provides key compliance considerations for group health plans. The third, the "New Health Laws Notice Guide" summarizes the new health law notice requirements and includes sample language. The fourth, "Self-Compliance Tool for Part 7 of ERISA: HIPAA and other Health Care-Related Provisions" (Self-Compliance Tool) assists health plans and issuers in assessing their compliance line by line with the health laws and is also attached to the Form M-1. You may obtain all of these publications, or speak to a benefits advisor about these laws, by calling the **EBSA toll-free hotline at 1-866-444-3272.** These booklets are also available on the Internet at: **www.dol.gov/ebsa.**

Items 8a and 8b: With respect to Item 8a, check "yes" or "no" as applicable. For this purpose, do not include any audit that does not result in required corrective action. If you answer "yes" under Item 8a, identify, in Item 8b, any such litigation or enforcement proceeding.

Item 9a: The HIPAA portability requirements added sections 701, 702, and 703 of ERISA.

General Applicability. In general, you must answer "yes" or "no" to this question if you are the administrator of a MEWA or ECE that is a group health plan or if you are providing benefits for medical care to employees through one or more group health plans.

Exceptions. You may answer "N/A" if either of the following paragraphs apply:

(1) The MEWA or ECE is a small health plan (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

(2) The MEWA or ECE offers coverage only to small group health plans (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

Self-Compliance Tool. For purposes of determining if a MEWA or ECE is in compliance with these provisions, Part I of the Self-Compliance Tool may be helpful.

Item 9b: MHPA added section 712 of ERISA.

General Applicability. In general, you must answer "yes" or "no" to this question if you are the administrator of a MEWA or ECE that is a group health plan or if you are providing benefits for medical care to employees through one or more group health plans.

Exceptions. You may answer "N/A" if any of the following paragraphs apply:

(1) The MEWA or ECE is a small group health plan (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

(2) The MEWA or ECE offers coverage only to small group health plans (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

(3) The MEWA or ECE does not provide both medical/surgical benefits and mental health benefits.

(4) The MEWA or ECE offers or provides coverage only to small employers (as described in the small employer exemption contained in section 712(c)(1) of ERISA and §2590.712(e) of the Department's regulations).

(5) The coverage has satisfied the requirements for the increased cost exemption (described in section 712(c)(2) of ERISA and §2590.712(f) of the Department's regulations).

Self-Compliance Tool. For purposes of determining if a MEWA or ECE is in compliance with these provisions, Part II of the Self-Compliance Tool may be helpful.

Item 9c: The Newborns' Act added section 711 of ERISA.

General Applicability. In general, you must answer "yes" or "no" to this question if you are the administrator of a MEWA or ECE that is a group health plan or if you are providing benefits for medical care to employees through one or more group health plans.

Exceptions. You may answer "N/A" if either of the following paragraphs apply:

(1) The MEWA or ECE does not provide benefits for hospital lengths of stay in connection with childbirth.

(2) The MEWA or ECE is subject to State law regulating such coverage, instead of the federal Newborns' Act requirements, in all States identified in Item 5a, in accordance with section 711(f) of ERISA and §2590.711(e) of the Department's regulations.

Self-Compliance Tool. For purposes of determining if a MEWA or ECE is in compliance with these provisions, Part III of the Self-Compliance Tool may be helpful.

Item 9d: WHCRA added section 713 of ERISA.

General Applicability. In general, you must answer "yes" or "no" to this question if you are the administrator of a MEWA or ECE that is a group health plan or if you are providing benefits for medical care to employees through one or more group health plans.

Exceptions. You may answer "N/A" if any of the following paragraphs apply:

(1) The MEWA or ECE is a small health plan (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

(2) The MEWA or ECE offers coverage only to small group health plans (as described in section 732(a) of ERISA and §2590.732(a) of the Department's regulations).

(3) The MEWA or ECE does not provide medical/surgical benefits with respect to a mastectomy.

Self-Compliance Tool. For purposes of determining if a MEWA or ECE is in compliance with these provisions, Part IV of the Self-Compliance Tool may be helpful.

3.2 Self-Compliance Tool

A Self-Compliance Tool, which may be used to help assess an entity's compliance with Part 7 of ERISA, is included on the following pages of these instructions. This tool may also be helpful in answering Items 9a through 9d of the Form M-1.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the law as specified in ERISA. You are required to give us the information. We need it to determine whether the MEWA or ECE is operating according to law. You are not required to respond to this collection of information unless it displays a current, valid OMB control number.

The average time needed to complete and file the form is estimated below. These times will vary depending on individual circumstances.

Learning about the law or the form: 2 hrs.

Preparing the form: 50 min. - 1 hr. and 35 min.

Self-Compliance Tool for Part 7 of ERISA: HIPAA and Other Health Care-Related Provisions

SPRING 2003

INTRODUCTION

This checklist is a useful self-compliance tool for group health plans, plan sponsors, plan administrators, health insurance issuers, and other parties to determine whether a group health plan is in compliance with the provisions of Part 7 of Subtitle B of Title I (Part 7) of the Employee Retirement Income Security Act of 1974 (ERISA). The Part 7 provisions were added to ERISA by four separate laws: the Health Insurance Portability and Accountability Act of 1996 (HIPAA); the Mental Health Parity Act of 1996 (MHPA); the Newborns' and Mothers' Health Protection Act of 1996 (Newborns' Act); and the Women's Health and Cancer Rights Act of 1998 (WHCRA). ERISA is administered by the Employee Benefits Security Administration (EBSA).

All of the foregoing laws amended Part 7 of ERISA by adding new requirements for group health plans. With respect to most of these requirements, corresponding provisions are contained in Chapter 100 of Subtitle K of the Internal Revenue Code (Code) and Part A of Title XXVII of the Public Health Service Act (PHS Act).

Arrangements Subject to Part 7 of ERISA: In general, Part 7 of ERISA applies to group health plans and health insurance issuers in the group market.

- A group health plan means an employee welfare benefit plan to the extent that the plan provides medical care (including items and services paid for as medical care) to employees (including partners in a partnership) or their dependents (defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise.
- A health insurance issuer or issuer means an insurance company, insurance service, or insurance organization (including a health maintenance organization (HMO)) that is required to be licensed to engage in the business of insurance in a State and that is subject to State law that regulates insurance.
- Group market generally means the market for health insurance coverage offered in connection with a group health plan.
  - Even though issuers in the group market are subject to Part 7, the Department of Labor cannot enforce against them. However, participants may bring a cause of action against an issuer for violations of Part 7.
  - States can enforce against issuers for violations of these new health care laws. Therefore, questions concerning issuers or suspected violations by issuers should be referred to the applicable State insurance department.

Arrangements Not Subject to Part 7 of ERISA: Certain arrangements that are group health plans are not subject to Part 7. These arrangements are listed below.

- Very Small Group Health Plans are generally not subject to Part 7 (except very small group health plans are subject to section 711 of ERISA, the Newborns' Act provisions). A very small group health plan is a group health plan that has fewer than two participants who are current employees on the first day of the plan year.

- Group health plans are not subject to Part 7 of ERISA in their provision of "excepted benefits." There are several types of "excepted benefits."
  - Certain benefits are always treated as "excepted benefits" because they are **not considered health coverage**, such as accident-only or disability income insurance and workers' compensation insurance.
  - Other benefits are treated as "excepted benefits" if they are **offered separately or are not an integral part of the plan**, including limited-scope dental or vision benefits or long-term care benefits.
  - Moreover, other benefits are treated as "excepted benefits" if they are **offered separately and not coordinated** with benefits under another group health plan, including coverage for a specific disease, and hospital indemnity or other fixed indemnity insurance.
  - Finally, other benefits are treated as "excepted benefits" if they are **offered separately and supplemental** to Medicare, Armed Forces health care coverage, or group health plan coverage.
- Church Plans are not subject to Part 7 because they are not subject to Title I of ERISA. (However, they are generally subject to parallel provisions in the Code. Questions concerning these plans should be referred to the Internal Revenue Service (IRS).)
- Governmental Plans are not subject to Part 7 because they are not subject to Title I of ERISA. (However, nonfederal governmental plans may be subject to parallel provisions in the PHS Act. Questions concerning these plans should be referred to the Department of Health and Human Services (HHS).)

Preemption: Part 7 of ERISA contains new preemption and applicability rules for group health plans and health insurance issuers.

(1) Group Health Plans. In general, section 514 of ERISA continues to apply with respect to group health plans.

(2) Group Health Insurance Issuers.

- With respect to the requirements of section 701 of ERISA, State laws regarding issuers cannot "differ" from the requirements of ERISA section 701, except as listed below:
  - State law may shorten the 6-month "look-back" period prior to the enrollment date to determine what is a preexisting condition;
  - State law may shorten the 12-month (18-month for late enrollees) maximum preexisting condition exclusion period;
  - State law may lengthen the 63-day significant-break-in-coverage period;
  - State law may lengthen the 30-day special enrollment period for newborns, adopted children, and children placed for adoption to enroll in the plan without a preexisting condition exclusion period;
  - State law may expand the prohibitions on conditions and individuals to whom a preexisting condition exclusion period may not be applied beyond the exceptions for newborns, adopted children, and children placed for adoption enrolled within 30 days of birth, adoption and placement for adoption, and pregnancy;
  - State law may require additional special enrollment periods; and
  - State law may reduce the maximum HMO affiliation period to less than 2 months (3 months for late enrollees).
- With respect to all other HIPAA provisions and the MHPA provisions, State laws relating to health insurance issuers continue to apply, except to the extent that the State law "prevents the application of a requirement of" these HIPAA and MHPA provisions.
- With respect to the WHCRA provisions, State law protections may apply to certain health insurance coverage if the State law was in effect on October 21, 1998 (the date of enactment of WHCRA) and the State law requires at least the coverage of reconstructive breast surgery that is required by WHCRA.

(3) Special Applicability Rule. The Newborns' Act contains a special applicability rule. This applicability rule is explained on page 19 of this checklist.

Cumulative List of Checklist Questions for HIPAA and Other Health Care-Related Statutes Added to Part 7 of ERISA

I. Determining Compliance with the HIPAA Provisions in Part 7 of ERISA

If you answer "No" to any of the questions below, the group health plan is in violation of the HIPAA provisions in Part 7 of ERISA.

	YES	NO	N/A
SECTION A — Limits on Preexisting Condition Exclusions If the plan imposes a preexisting condition exclusion period, the plan must comply with this section. Check for *hidden* preexisting condition exclusion provisions. A hidden preexisting condition exclusion is not designated as a preexisting condition exclusion, but restricts benefits based on when a condition arose in relation to the effective date of coverage. ◆ If the plan imposes a hidden preexisting condition exclusion, the plan may violate many or all of the provisions discussed in this section. For example, if the plan excludes coverage for cosmetic surgery unless it is required by reason of an accidental injury occurring after the effective date of coverage, there could be multiple violations of this SECTION A. If the plan does not impose a preexisting condition exclusion period, including a *hidden* preexisting condition exclusion period, check "N/A" and skip to **SECTION B**			☐
Question 1 — Six-month look-back period **Does the plan comply with the 6-month look-back period requirement?** ..... ◆ A preexisting condition exclusion may apply only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received during the 6-month period ending on an individual's "enrollment date." *See ERISA section 701(a)(1); 29 CFR 2590.701-3(a)(1)(i).* **Note: An individual's enrollment date is the earlier of – (1) the first day of coverage; or (2) the first day of any waiting period for coverage. (Waiting period means the period that must pass before an employee or dependent is eligible to enroll under the terms of the plan. If an employee or dependent enrolls as a late enrollee or special enrollee, any period before such enrollment date is not a waiting period.) Therefore, if the plan has a waiting period, the 6-month look-back period ends on the first day of the waiting period, not the first day of coverage.	☐	☐	

	YES	NO	N/A
Question 2 — 12/18-month look-forward period **Does the plan comply with HIPAA's 12-month (or 18-month) look-forward period requirement?** ..... ◆ The maximum preexisting condition exclusion period is 12 months (18 months for late enrollees), measured from an individual's enrollment date. *See ERISA section 701(a)(2); 29 CFR 2590.701-3(a)(1)(ii).* **Note: If the plan has a waiting period, the 12-month (or 18-month) look-forward period must begin on the first day of the waiting period, not the first day of coverage.	☐	☐	
Question 3 — Offsetting the length of preexisting condition exclusions by creditable coverage **Does the plan offset the length of its preexisting condition exclusion by an individual's creditable coverage?** ..... ◆ The length of the plan's preexisting condition exclusion must be offset by an individual's creditable coverage. However, days of coverage prior to a "significant break in coverage" are not required to be taken into account. Under Federal law, a significant break in coverage is a period of 63 days or more without any health coverage. *See ERISA section 701(a)(3); 29 CFR 2590.701-3(a)(1)(iii) [using ERISA section 701(c) rules for crediting previous coverage].*	☐	☐	
Question 4 — Preexisting condition exclusion on genetic information **Does the plan comply with HIPAA by not imposing a preexisting condition exclusion with respect to genetic information?** ..... ◆ Genetic information alone cannot be treated as a preexisting condition in the absence of a diagnosis of a condition related to such information. *See ERISA section 701(a)(1); 29 CFR 2590.701-3(a)(1)(i) [using ERISA section 701(b)(1) definition of a preexisting condition exclusion].*	☐	☐	
Question 5 — Preexisting condition exclusion on newborns **Does the plan comply with HIPAA by not imposing an impermissible preexisting condition exclusion on newborns?** ..... ◆ The plan generally may not impose a preexisting condition exclusion on a child who enrolls in creditable coverage within 30 days of birth. *See ERISA section 701(d)(1); 29 CFR 2590.701-3(b)(1).*	☐	☐	

	YES	NO	N/A
Question 6 — Preexisting condition exclusion on children adopted or placed for adoption **Does the plan comply with HIPAA by not imposing an impermissible preexisting condition exclusion on adopted children or children placed for adoption?** ..... ◆ The plan generally may not impose a preexisting condition exclusion on a child who enrolls in creditable coverage within 30 days of adoption or placement for adoption. *See ERISA section 701(d)(2); 29 CFR 2590.701-3(b)(2).*	☐	☐	
Question 7 — Preexisting condition exclusion on pregnancy **Does the plan comply with HIPAA by not imposing a preexisting condition exclusion on pregnancy?** ..... ◆ The plan may not impose a preexisting condition exclusion relating to pregnancy. *See ERISA section 701(d)(3); 29 CFR 2590.701-3(b)(4).*	☐	☐	
Question 8 — Adequate general notices of preexisting condition exclusions **Does the plan provide adequate general notices of preexisting condition exclusions?** ..... ◆ A group health plan (or issuer) may not impose a preexisting condition exclusion with respect to a participant or dependent before notifying the participant, in writing, of— ❖ The existence and terms of any preexisting condition exclusion under the plan; and ❖ The rights of individuals to demonstrate creditable coverage (and any applicable waiting periods), including (1) a description of the right of the individual to request a certificate from a prior plan or issuer, if necessary, and (2) a statement that the current plan (or issuer) will assist in obtaining a certificate from any prior plan or issuer, if necessary. *See 29 CFR 2590.701-3(c).* Guidelines for the general notice of preexisting condition exclusion are available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.	☐	☐	
Question 9 — Adequate individual notices of preexisting condition exclusions **Does the plan provide adequate individual notices of preexisting condition exclusions?** ..... ◆ A group health plan (or issuer) seeking to impose a preexisting condition exclusion with respect to an individual must, within a reasonable time following receipt of creditable coverage information, make a determination about the individual's period of creditable coverage.	☐	☐	

	YES	NO	N/A
◆ If the individual does not have enough creditable coverage to completely offset the preexisting condition exclusion period, the plan must then provide, in writing, to the individual— ❖ Its determination of the length of any preexisting condition exclusion that applies to the individual, including the source and substance of any information on which the plan or issuer relied; and ❖ A written explanation of any appeal procedures established by the plan or issuer. The plan must also allow the individual a reasonable opportunity to submit additional evidence of creditable coverage. *See 29 CFR 2590.701-5(d)(2).* ◆ Guidelines for the individual notice of preexisting condition exclusion are available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.			
SECTION B — Compliance with the Certificate of Creditable Coverage Provisions A group health plan (or a group health insurance issuer, on the plan's behalf) must issue complete certificates of creditable coverage (free of charge) automatically to individuals whose coverage under the plan ends, and (free of charge) to individuals upon request. A model certificate that may be used to satisfy this notice requirement is available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa. Check to see that the plan issues complete certificates of creditable coverage within the required time frames. ** Special Accountability Rule for Insured Plans: ◆ Under a special accountability rule in ERISA section 701(e)(1)(C) and 29 CFR 2590.701-5(a)(1)(iii), a health insurance issuer, rather than the plan, may be responsible for providing certificates of creditable coverage by virtue of an agreement between the two that makes the issuer responsible. In this case, the plan cannot be held accountable for a violation of Part 7. (**Note: An agreement with a third-party administrator (TPA) that is not insuring benefits will not transfer responsibility from the plan.) ◆ Despite this special accountability rule under Part 7, other responsibilities, such as a plan administrator's duty to monitor compliance with a contract, remain unaffected. Accordingly, this section of the checklist is organized differently to take into account this special accountability rule.			

	YES	NO	N/A
Question 10 — Automatic certificates of creditable coverage upon loss of coverage **Does the plan provide complete certificates of creditable coverage to individuals automatically upon loss of coverage?** ..... ◆ Plans are required to provide each participant and dependent covered under the plan a certificate, free of charge, when coverage ceases. ◆ If the plan is insured and there is an agreement with the issuer that the issuer is responsible for providing the certificates, check "N/A" and go to **Question 11.** ◆ To be complete, under 29 CFR 2590.701-5(a)(3)(ii), each certificate must include: 1. Date issued; 2. Name of plan; 3. The individual's name and identification information (**Note: Dependent information can be included on the same certificate with the participant information or on a separate certificate. The plan is required to have used reasonable efforts to get dependent information. *See 29 CFR 2590.701-5(a)(5)(i)));* 4. Plan administrator (or issuer) name, address, and telephone number; 5. Telephone number for further information (if different); and 6. Individual's creditable coverage information: ❖ Either — (1) that the individual has at least 18 months of creditable coverage; or (2) the date any waiting period (or affiliation period) began and the date creditable coverage began. ❖ Also, either — (1) the date creditable coverage ended; or (2) that creditable coverage is continuing. ❖ Automatic certificates of creditable coverage should reflect the last period of continuous coverage.	☐	☐	☐
Question 11 — Automatic certificate upon loss of coverage — *Issuer Responsibility* **If there is an agreement between the plan and the issuer stating that the issuer is responsible for providing certificates of creditable coverage, does the issuer provide complete certificates?** ..... ◆ Even if the plan is not responsible for issuing certificates of creditable coverage, the plan should monitor issuer compliance with the certification provisions. ◆ If the plan is self-insured, or if there is no such agreement between the plan and the issuer, check "N/A" and skip to **Question 12.**	☐	☐	☐

	YES	NO	N/A
Question 12 — Certificates of creditable coverage upon request **Does the plan provide complete certificates of creditable coverage upon request?** ..... ◆ If the plan is insured and the issuer is responsible for issuing certificates pursuant to an agreement, check "N/A" and go to **Question 13.** ◆ Certificates of creditable coverage must also be provided free of charge upon request to individuals while covered under the plan and for up to 24 months after coverage ends. *See ERISA section 701(e)(1)(A); 29 CFR 2590.701-5(a)(2)(iii).* ◆ Requested certificates of creditable coverage should reflect periods of continuous coverage that an individual had in the 24 months prior to the date of the request (up to 18 months of creditable coverage). *See 29 CFR 2590.701-5(a)(3)(iii).* ◆ The plan should also have a procedure for individuals to request and receive certificates of creditable coverage. *See 29 CFR 2590.701-5(a)(4)(ii).*	☐	☐	☐
Question 13 — Certificates upon request—*Issuer Responsibility* **If the plan is insured and there is an agreement between the plan and the issuer stating that the issuer is responsible for providing certificates of creditable coverage, does the issuer provide complete certificates?** ..... ◆ Even if the plan is not responsible for issuing certificates of creditable coverage, the plan should monitor issuer compliance with the certification provisions. ◆ If the plan is self-insured, or if there is no such agreement between the plan and the issuer, check "N/A" and skip to **Question 14.**	☐	☐	☐
Question 14 — Certificates within required time frames **If the plan issues certificates of creditable coverage, are they issued within the required time frames?** ..... ◆ If the plan is insured and the issuer is responsible for issuing certificates pursuant to an agreement, check "N/A" and go to **Question 15.** ◆ Under 29 CFR 2590.701-5(a)(2)(ii), plans and issuers must furnish an automatic certificate of creditable coverage: ❖ To an individual who is entitled to elect COBRA, at a time no later than when a notice is required to be provided for a qualifying event under COBRA (usually not more than 44 days); ❖ To an individual who loses coverage under the plan and who is not entitled to elect COBRA, within a reasonable time after coverage ceases; and ❖ To an individual who ceases COBRA, within a reasonable time after the plan learns that COBRA has ceased.	☐	☐	☐

	YES	NO	N/A
◆ Plans and issuers must also generally provide a certificate of creditable coverage upon request, at the earliest time that a plan or issuer, acting in a reasonable and prompt fashion, can provide the certificate of creditable coverage. *See 29 CFR 2590.701-5(a)(2)(iii).*			
Question 15 — Certificates within required time frames — *Issuer Responsibility* **If the plan is insured and there is an agreement with the issuer stating that the issuer is responsible for providing certificates of creditable coverage, are those certificates being provided timely?** ..... ◆ Even if the plan is not responsible for issuing certificates of creditable coverage, the plan should monitor issuer compliance with the certification provisions. ◆ If the plan is self-insured, or if there is no such agreement between the plan and the issuer, check "N/A" and skip to **SECTION C.**	☐	☐	☐
SECTION C — Compliance with the Special Enrollment Provisions Group health plans must allow individuals (who are otherwise eligible) to enroll upon certain specified events, if enrollment is requested within 30 days of the event. The plan must provide for special enrollment, as follows:			
Question 16 — Special enrollment upon loss of other coverage **Does the plan provide special enrollment upon loss of other coverage? (The plan must comply with *all* of the following.)** ..... ◆ Plans must permit loss-of-coverage special enrollment upon: (1) loss of eligibility for group health plan coverage or health insurance coverage; **and** (2) termination of employer contributions toward coverage. *See ERISA section 701(f)(1); 29 CFR 2590.701-6(a).* ◆ Plans must permit eligible employees and dependents to special enroll because of a loss of eligibility (other than loss due to failure to pay premiums or termination of coverage for cause -- such as for fraud). ❖ Examples of reasons for loss of eligibility include: legal separation, divorce, death, termination of employment - voluntary or involuntary (with or without electing COBRA), exhaustion of COBRA, reduction in hours, "aging out" under other parent's coverage, or moving out of an HMO's service area. ◆ Plans must permit eligible employees and dependents to special enroll due to termination of employer contributions towards the other coverage whether or not they also lost the other coverage as a result. ◆ Coverage must become effective no later than the first day of the first month following a completed request for enrollment. *See 29 CFR 2590.701-6(a)(7).*	☐	☐	

	YES	NO	N/A
Question 17 — Dependent special enrollment **Does the plan provide special enrollment rights to individuals upon marriage, birth, adoption, and placement for adoption? (The plan must comply with *all* of the following.)** ..... ◆ Plans must permit employees, spouses, **and** new dependents to enroll upon marriage, birth, adoption, and placement for adoption. *See ERISA section 701(f)(2); 29 CFR 2590.701-6(b).* ◆ In the case of marriage, coverage must become effective not later than the first day of the month following a completed request for enrollment. *See 29 CFR 2590.701-6(b)(8)(i).* ◆ In the case of birth, adoption, or placement for adoption, coverage must become effective as of the date of the birth, adoption, or placement for adoption. *See 29 CFR 2590.701-6(b)(8)(ii) and (iii).*	☐	☐	
Question 18 — Notice of special enrollment rights **Does the plan provide notices of special enrollment rights?** ..... ◆ On or before the time an employee is offered the opportunity to enroll in the plan, the plan must provide the employee with a description of the plan's special enrollment rules. ◆ A model description of special enrollment rights is available at 29 CFR 2590.701-6(c) and in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.	☐	☐	
SECTION D — Compliance with the HIPAA Nondiscrimination Provisions Overview. HIPAA prohibits group health plans and health insurance issuers from discriminating against individuals in eligibility and continued eligibility for benefits and in individual premium or contribution rates based on health factors. These health factors include: health status, medical condition (including both physical and mental illnesses), claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of acts of domestic violence and participation in activities such as motorcycling, snowmobiling, all-terrain vehicle riding, horseback riding, skiing, and other similar activities), and disability. *See ERISA section 702; 29 CFR 2590.702.* Similarly Situated Individuals. It is important to recognize that the nondiscrimination rules prohibit discrimination within a group of similarly situated individuals. Under 29 CFR 2590.702(d), plans may treat distinct groups of similarly situated individuals differently, if the distinctions between or among the groups are not based on a health factor. If distinguishing among groups of participants, plans and issuers must base distinctions on bona fide employment-based classifications			

	YES	NO	N/A
consistent with the employer's usual business practice. Whether an employment-based classification is bona fide is based on relevant facts and circumstances, such as whether the employer uses the classification for purposes independent of qualification for health coverage. Bona fide employment-based classifications might include: full-time versus part-time employee status; different geographic location; membership in a collective bargaining unit; date of hire or length of service; or differing occupations. In addition, plans may treat participants and beneficiaries as two separate groups of similarly situated individuals. Plans may also distinguish among beneficiaries. Distinctions among groups of beneficiaries may be based on bona fide employment-based classifications of the participant through whom the beneficiary is receiving coverage, relationship to the participant (such as spouse or dependent), marital status, age or student status of dependent children, or any other factor that is not a health factor. Benign Discrimination. The nondiscrimination rules do not prohibit a plan from establishing more favorable rules for eligibility or premium rates for individuals with an adverse health factor, such as a disability. *See 29 CFR 2590.702(g).* Check to see that the plan complies with HIPAA's nondiscrimination provisions as follows:			
Question 19 — Nondiscrimination in rules for eligibility **Does the plan allow individuals eligibility and continued eligibility under the plan regardless of any adverse health factor?** ..... ◆ Examples of plan provisions that violate ERISA section 702(a) because they discriminate in eligibility based on a health factor include - ❖ Plan provisions that require "evidence of insurability," such as passing a physical exam, providing a certification of good health, or demonstrating good health through answers to a health care questionnaire in order to enroll. (This is a violation, even if the plan provision is imposed only at late enrollment.) ◆ Also, note that it may be permissible for plans to require individuals to complete physical exams or health care questionnaires for purposes other than for determining eligibility to enroll in the plan, such as for determining an appropriate blended, aggregate group rate for providing coverage to the plan as a whole.	☐	☐	
Question 20 — Benefit restrictions **Does the plan uniformly provide benefits to participants and beneficiaries?** ..... ◆ A plan is not required to provide any benefits, but benefits provided must be uniformly available and any benefit restrictions must be applied uniformly to all similarly situated individuals and cannot be directed at any individual participants or beneficiaries based on a health factor. If benefit exclusions or limitations are applied only to certain individuals based on a health factor, this would violate ERISA section 702(a) and 29 CFR 2590.702(b)(2).	☐	☐	

	YES	NO	N/A
◆ Examples of plan provisions that would be permissible under ERISA section 702(a) include - ❖ A lifetime or annual limit on all benefits, ❖ A lifetime or annual limit on the treatment of a particular condition, ❖ Limits or exclusions for certain types of treatments or drugs, ❖ Limitations based on medical necessity or experimental treatment, and ❖ Cost-sharing, if the limit applies uniformly to all similarly situated individuals and is not directed at individual participants or beneficiaries based on a health factor. ◆ A plan amendment applicable to all similarly situated individuals and made effective no earlier than the first day of the next plan year is not considered directed at individual participants and beneficiaries. *See 29 CFR 2590.702(b)(2)(i)(C).*			
Question 21 — Source-of-injury restrictions **If the plan imposes a source-of-injury restriction, does it comply with the HIPAA nondiscrimination provisions?** ..... ◆ Plans may exclude benefits for the treatment of certain injuries based on the source of that injury, except that plans may not exclude benefits otherwise provided for treatment of an injury if the injury results from an act of domestic violence or a medical condition. *See 29 CFR 2590.702(b)(2)(iii).* An example of a permissible source-of-injury exclusion would include - ❖ A plan provision that provides benefits for head injuries generally, but excludes benefits for head injuries sustained while participating in bungee jumping, as long as the injuries do not result from a medical condition or domestic violence. ◆ An impermissible source-of-injury exclusion would include - ❖ A plan provision that generally provides benefits for medical/surgical benefits, including hospital stays that are medically necessary, but excludes benefits for self-inflicted injuries or attempted suicide. This is impermissible because the plan provision excludes benefits for treatment of injuries that may result from a medical condition (such as depression). ◆ If the plan does not impose a source-of-injury restriction, check "N/A" and skip to **Question 22.**	☐	☐	☐
Question 22 — Nondiscrimination in premiums or contributions **Does the plan comply with HIPAA's nondiscrimination rules regarding individual premium or contribution rates?** ..... ◆ Under ERISA section 702(b) and 29 CFR 2590.702(c), plans may not require an individual to pay a premium or contribution that is greater than a premium or contribution for a similarly situated individual enrolled in the plan on the basis of any health factor. For example, it would be impermissible for a plan to require	☐	☐	

	YES	NO	N/A
certain full-time employees to pay a higher premium than other full-time employees based on their prior claims experience. ◆ Nonetheless, the nondiscrimination rules do not prohibit a plan from providing a reward based on adherence to a bona fide wellness program. *See ERISA section 702(b)(2)(B); 29 CFR 2590.702(c)(3).* Proposed rules describing bona fide wellness programs were published on January 8, 2001 at 66 FR 1421. Essentially, these proposed rules permit rewards that are not contingent on an individual meeting a standard related to a health factor. In addition, these proposed rules permit rewards that are contingent on an individual meeting a standard related to a health factor if: ❖ The reward does not exceed a specified percentage of the total employee-only premium. (Comments were invited as to whether a 10%, 15%, or 20% limitation might be appropriate.) ❖ The program is reasonably designed to promote good health or prevent disease. (For this purpose, a program must allow individuals an opportunity to qualify for the reward at least once each year.) ❖ The reward is available to all similarly situated individuals. In particular, the program must allow a reasonable alternative standard for individuals for whom it is unreasonably difficult due to a medical condition to satisfy the original program standard or for whom it is medically inadvisable to attempt to satisfy the original program standard during that time period. ❖ The plan must also disclose the availability of a reasonable alternative standard in all plan materials describing the terms of the program.			
Question 23 — List billing **Is there compliance with the list billing provisions?** ..... ◆ Under 29 CFR 2590.702(c)(2)(ii), plans and issuers may not charge or quote an employer a different premium for an individual in a group of similarly situated individuals based on a health factor. This practice is commonly referred to as list billing. If an issuer is list billing an employer and the plan is passing the separate and different rates on to the individual participants and beneficiaries, both the plan and the issuer are violating the prohibition against discrimination in premium rates. This does not prevent plans and issuers from taking the health factors of each individual into account in establishing a blended/aggregate rate for providing coverage to the plan.	☐	☐	
Question 24 — Nonconfinement clauses **Is the plan free of any nonconfinement clauses?** ..... ◆ Typically, a nonconfinement clause will deny or delay eligibility for some or all benefits if an individual is confined to a hospital or other health care institution. Sometimes nonconfinement clauses also deny or delay eligibility if an individual cannot perform ordinary life activities. Often a nonconfinement clause is imposed only with respect to dependents, but they may also be imposed with respect to employees. 29 CFR 2590.702(e)(1) explains that these nonconfinement clauses	☐	☐	

	YES	NO	N/A
violate ERISA sections 702(a) (if the clause delays or denies eligibility) and 702(b) (if the clause raises individual premiums).			
Question 25 — Actively-at-work clauses **Is the plan free of any impermissible actively-at-work clauses?** ..... ◆ Typically, actively-at-work provisions delay eligibility for benefits based on an individual being absent from work. 29 CFR 2590.702(e)(2) explains that actively-at-work provisions generally violate ERISA sections 702(a) (if the clause delays or denies eligibility) and 702(b) (if the clause raises individual premiums or contributions), unless absence from work due to a health factor is treated, for purposes of the plan, as if the individual is at work. Nonetheless, an exception provides that a plan may establish a rule for eligibility that requires an individual to begin work for the employer sponsoring the plan before eligibility commences. Further, plans may establish rules for eligibility or set any individual's premium or contribution rate in accordance with the rules relating to similarly situated individuals in 29 CFR 2590.702(d). For example, a plan that treats full-time and part-time employees differently for other employment-based purposes, such as eligibility for other employee benefits, may distinguish in rules for eligibility under the plan between full-time and part-time employees.	☐	☐	
SECTION E — Compliance with the HMO Affiliation Period Provisions If the plan provides benefits through an HMO and imposes an HMO affiliation period in lieu of a preexisting condition exclusion period, answer **Question 26.** If the plan does not provide benefits through an HMO, or if there is no HMO affiliation period, check "N/A" and go to **Section F.**			☐
Question 26 — HMO affiliation period provisions **Does the plan comply with the limits on HMO affiliation periods?** ..... ◆ An affiliation period is a period of time that must expire before health insurance coverage provided by an HMO becomes effective and during which the HMO is not required to provide benefits. ◆ A group health plan offering coverage through an HMO may impose an affiliation period only if— ❖ No preexisting condition exclusion is imposed; ❖ No premium is charged to a participant or beneficiary for the affiliation period; ❖ The affiliation period is applied uniformly without regard to any health factor; ❖ The affiliation period does not exceed 2 months (or 3 months for late enrollees); ❖ The affiliation period begins on an individual's "enrollment date;" and ❖ The affiliation period runs concurrently with any waiting period. *See ERISA section 701(g); 29 CFR 2590.701-7.*	☐	☐	

	YES	NO	N/A
SECTION F — Compliance with the MEWA or Multiemployer Plan Guaranteed Renewability Provisions If the plan is a multiple employer welfare arrangement (MEWA) or a multiemployer plan, it is required to provide guaranteed renewability of coverage in accordance with ERISA section 703. If the plan is a MEWA or multiemployer plan, it must comply with Question 27. If the plan is not a MEWA or multiemployer plan, check "N/A" and go to **Part II** of this checklist.			☐
Question 27 — Multiemployer plan and MEWA guaranteed renewability **If the plan is a multiemployer plan, or a MEWA, does the plan provide guaranteed renewability?** ◆ Group health plans that are multiemployer plans or MEWAs may not deny an employer continued access to the same or different coverage, other than— ❖ For nonpayment of contributions; ❖ For fraud or other intentional misrepresentation by the employer; ❖ For noncompliance with material plan provisions; ❖ Because the plan is ceasing to offer coverage in a geographic area; ❖ In the case of a plan that offers benefits through a network plan, there is no longer any individual enrolled through the employer who lives, resides or works in the service area of the network plan and the plan applies this paragraph uniformly without regard to the claims experience of employers or any health-related factor in relation to such individuals or dependents; or ❖ For failure to meet the terms of an applicable collective bargaining agreement, to renew a collective bargaining or other agreement requiring or authorizing contributions to the plan, or to employ employees covered by such agreement. *See ERISA section 703.* **Note: The PHS Act contains different guaranteed renewability requirements for issuers. For more information, see PHS Act section 2712.	☐	☐	

II. Determining Compliance with the MHPA Provisions in Part 7 of ERISA			
If you answer "No" to any of the questions below, the group health plan is in violation of the MHPA provisions in Part 7 of ERISA.			
	YES	**NO**	**N/A**
If the plan provides both mental health and medical/surgical benefits, the plan may be subject to MHPA. If this is the case, answer **Questions 28-32.** If the plan does not provide mental health benefits, check "N/A" here and skip to **Part III** of this checklist. Also, the plan may be exempt from MHPA under the small employer (50 employees or fewer) exception or the increased cost exception. (To be eligible for the increased cost exception, the plan must have filed with EBSA and notified participants and beneficiaries.) If the plan is exempt, check "N/A" here and skip to **Part III** of this checklist			☐
Question 28 — Lifetime dollar limit **Does the plan comply with MHPA's rules for lifetime dollar limits on mental health benefits (excluding constructive dollar limits)?** ..... ◆ A plan may not impose a lifetime dollar limit on mental health benefits that is lower than the lifetime dollar limit imposed on medical/surgical benefits. *See ERISA section 712; 29 CFR 2590.712.* (Only limits on what the plan is willing to pay are taken into account. A plan may impose annual dollar out-of-pocket limits on participants and beneficiaries without implicating MHPA.) ** Note: Limits on out-of-network mental health benefits may be lower than limits on medical/surgical benefits if limits on in-network mental health benefits are unlimited, or in parity with medical/surgical limits. *See 29 CFR 2590.712(b)(4), Example 3.* But, limits on inpatient and outpatient mental health benefits must separately be in parity with limits on medical/surgical benefits. *See 29 CFR 2590.712(b)(4), Example 2.*	☐	☐	
Question 29 — Constructive lifetime dollar limit **If the plan imposes a "constructive lifetime dollar limit" on mental health benefits (see explanation and examples below), is the limit *greater than or equal to* that imposed on medical/surgical benefits?** ..... ◆ A lifetime visit limit that is coupled with a maximum dollar amount payable by the plan per visit is, in effect, a lifetime dollar limit. This is referred to as a constructive lifetime dollar limit. ◆ For example, a 100-visit lifetime limit on mental health benefits that is payable to a maximum of $40 per visit is a constructive lifetime dollar limit of $4,000 on mental health benefits. If this limit is less than the limit for medical/surgical benefits (or if there is no limit for medical/surgical benefits), the plan is not in compliance with MHPA.	☐	☐	

	YES	NO	N/A
◆ Again, remember only limits on what the plan is willing to pay are taken into account.			
Question 30 — Annual dollar limit **Does the plan comply with MHPA's rules for annual dollar limits on mental health benefits (excluding constructive dollar limits)?** ..... ◆ A plan may not impose an annual dollar limit on mental health benefits that is lower than the annual dollar limit imposed on medical/surgical benefits. *See ERISA section 712; 29 CFR 2590.712.* ** Note: Limits on out-of-network mental health benefits may be lower than limits on medical/surgical benefits if limits on in-network mental health benefits are unlimited, or in parity with medical/surgical limits. *See 29 CFR 2590.712(b)(4), Example 3.* But, limits on inpatient and outpatient mental health benefits must separately be in parity with limits on medical/surgical benefits. *See 29 CFR 2590.712(b)(4), Example 2.* ◆ Remember only limits on what the plan is willing to pay are taken into account. A plan may impose annual dollar out-of-pocket limit on participants and beneficiaries without implicating MHPA.	☐	☐	
Question 31 — Constructive annual dollar limit **If the plan imposes a "constructive annual dollar limit" on mental health benefits, is the limit *greater than or equal to* that imposed on medical/surgical benefits?** ..... ◆ An annual visit limit that is coupled with a maximum dollar amount payable by the plan per visit is, in effect, an annual dollar limit. This is referred to as a constructive annual dollar limit. ◆ Again, remember only limits on what the plan is willing to pay are taken into account.	☐	☐	
Question 32 — Substance abuse dollars counting against mental health dollar limit **Does the plan *exclude* substance abuse or chemical dependency benefits from its definition of "mental health benefits?"** ..... ◆ If the plan does not impose any explicit or constructive annual or lifetime dollar limits on mental health benefits, check "N/A" and skip to **Part III** of this checklist.	☐	☐	☐

	YES	NO	N/A
◆ If the plan imposes any explicit or constructive annual or lifetime dollar limit on mental health benefits, the plan must not count benefits for substance abuse or chemical dependency against the mental health dollar limit. Instead, benefits for substance abuse and chemical dependency can be counted against a medical/surgical cap, or a separate substance abuse or chemical dependency cap. *See 29 CFR 2590.712(b)(4), Example 4 [using ERISA section 712(e)(4) definition of mental health benefits].*			

III. Determining Compliance with the Newborns' Act Provisions in Part 7 of ERISA			
If you answer "No" to any of the questions below, the group health plan is in violation of the Newborns' Act provisions in Part 7 of ERISA.			
	YES	**NO**	**N/A**
SECTION A — Newborns' Act Substantive Provisions The substantive provisions of the Newborns' Act apply only to certain plans, as follows: If the plan does not provide benefits for hospital stays in connection with childbirth, check "N/A" and go to **Part IV** of this checklist. (Note: Under the Pregnancy Discrimination Act, most plans are required to cover maternity benefits.)			☐
Special applicability rule for *insured coverage* that provides benefits for hospital stays in connection with childbirth: If the plan provides benefits for hospital stays in connection with childbirth and is insured, whether the plan is subject to the Newborns' Act depends on State law. Based on a preliminary review of State laws as of July 1, 2002, if the coverage is in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, or Wyoming, it appears that State law applies in lieu of the Federal Newborns' Act. If this is the case, check "N/A" and skip to **SECTION B**			☐
If the plan provides benefits for hospital stays in connection with childbirth, the plan is insured, and the coverage is in Wisconsin, Puerto Rico, the Virgin Islands, American Samoa, Wake Island, or the Northern Mariana Islands, it appears that the Federal Newborns' Act applies to the plan. If this is the case, answer **Questions 33-36.** *Self-insured* coverage that provides benefits for hospital stays in connection with childbirth: If the plan provides benefits for hospital stays in connection with childbirth and is *self-insured*, the Federal Newborns' Act applies. Answer **Questions 33-36.**			
Question 33 — General 48/96-hour stay rule **Does the plan comply with the general 48/96-hour rule?** ..... ◆ Plans generally may not restrict benefits for a hospital length of stay in connection with childbirth to less than 48 hours in the case of a vaginal delivery *(see ERISA section 711(a)(1)(A)(i))*, or less than 96 hours in the case of a cesarean section (*see ERISA section 711(a)(1)(A)(ii)*).	☐	☐	

	YES	NO	N/A
◆ Therefore, the plan cannot deny a mother or her newborn benefits for a 48/96-hour stay based on medical necessity. (A plan may require a mother to notify the plan of a pregnancy to obtain more favorable cost-sharing for the hospital stay. This second type of plan provision is permissible under the Newborns' Act if the cost-sharing is consistent throughout the 48/96-hour stay.) ◆ An attending provider may, however, decide, in consultation with the mother, to discharge the mother or newborn earlier.			
Question 34 — Provider must not be required to obtain authorization from plan **Does the plan defer to the provider for a decision on hospital length of stay within the first 48/96-hour period?** ..... ◆ Plans may not require that a provider (such as a doctor) obtain authorization from the plan to prescribe a 48/96-hour stay. *See ERISA section 711(a)(1)(B); 29 CFR 2590.711(a)(4).*	☐	☐	
Question 35 — Incentives/penalties to mothers or providers **Does the plan comply with the Newborns' Act by avoiding impermissible incentives or penalties with respect to mothers or attending providers?** ..... ◆ Penalties to attending providers to discourage 48/96-hour stays violate ERISA section 711(b)(3) and 29 CFR 2590.711(b)(3)(i). ◆ Incentives to attending providers to encourage early discharges violate ERISA section 711(b)(4) and 29 CFR 2590.711(b)(3)(ii). ◆ Penalties imposed on mothers to discourage 48/96-hour stays violate ERISA section 711(b)(1) and 29 CFR 2590.711(b)(1)(i)(A). ◆ Incentives to mothers to encourage early discharges violate ERISA section 711(b)(2) and 29 CFR 2590.711(b)(1)(i)(B). ❖ An example of this would be if the plan waived the mother's co-payment or deductible if mother or newborn leaves within 24 hours. ◆ Benefits and cost-sharing may not be less favorable for the latter portion of any 48/96-hour hospital stay. In this case less favorable benefits would violate ERISA section 711(b)(5) and 29 CFR 2590.711(b)(2) and less favorable cost-sharing would violate ERISA section 711(c)(3) and 29 CFR 2590.711(c)(3).	☐	☐	

	YES	NO	N/A
SECTION B — Disclosure Provisions Group health plans that provide benefits for hospital stays in connection with childbirth are required to make certain disclosures, as follows:			
Question 36 — Disclosure with respect to hospital lengths of stay in connection with childbirth **Does the plan comply with the notice provisions relating to hospital stays in connection with childbirth?** ..... ◆ Group health plans that provide benefits for hospital stays in connection with childbirth are required to make certain disclosures. *See the Summary Plan Description (SPD) content regulations at 29 CFR 2520.102-3(u).* ◆ Model language for the Newborns' Act disclosure requirement is available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.	☐	☐	

IV. Determining Compliance with the WHCRA Provisions in Part 7 of ERISA			
If you answer "No" to any of the questions below, the group health plan is in violation of the WHCRA provisions in Part 7 of ERISA.			
	YES	**NO**	**N/A**
WHCRA applies only to plans that offer benefits with respect to a mastectomy. If the plan does not offer these benefits, check "N/A" and you are finished with this checklist..... If the plan does offer benefits with respect to a mastectomy, answer **Questions 37-40.**			☐
Question 37 — Four required coverages under WHCRA **Does the plan provide the four coverages required by WHCRA?** ..... ◆ In the case of a participant or beneficiary who is receiving benefits in connection with a mastectomy, the plan shall provide coverage for the following benefits for individuals who elect them — ❖ All stages of reconstruction of the breast on which the mastectomy has been performed; ❖ Surgery and reconstruction of the other breast to produce a symmetrical appearance; ❖ Prostheses; and ❖ Treatment of physical complications of mastectomy, including lymphedemas, in a manner determined in consultation with the attending provider and the patient. *See ERISA section 713(a).* ◆ These required coverages can be subject to annual deductibles and coinsurance provisions if consistent with those established for other benefits under the plan or coverage.	☐	☐	
Question 38 — Annual notice **Does the plan provide annual notices as required by WHCRA?** ..... ◆ Plans must provide notices describing the benefits required under WHCRA upon enrollment in the plan and annually thereafter. *See ERISA section 713(a).* ◆ The annual notice must include— ❖ Information on the availability of benefits under the plan for the treatment of mastectomy-related services, including benefits for reconstructive surgery, surgery to achieve symmetry between the breasts, prostheses, and physical complications resulting from mastectomy (including lymphedemas); and ❖ Information (telephone number, Web address, etc.) on how to obtain a detailed description of the mastectomy-related benefits available under the plan.	☐	☐	

	YES	NO	N/A
◆ Model language for WHCRA's annual notice requirement is available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.			
Question 39 — Enrollment notice **Does the plan provide enrollment notices as required by WHCRA?** ..... ◆ Plans must provide notices describing the benefits required under WHCRA upon enrollment in the plan and annually thereafter. *See ERISA section 713(a).* ◆ The enrollment notice must describe the benefits that WHCRA requires the group health plan to cover. Additionally, the enrollment notice must describe any deductibles and coinsurance limitations applicable to such coverage. (Under WHCRA, coverage of the required benefits may be subject only to deductibles and coinsurance limitations consistent with those established for other benefits under the plan or coverage.) ◆ Model language for WHCRA's enrollment notice requirement is available in EBSA's publication, ***Compliance Assistance Guide: Recent Changes in Health Care Law,*** which is located in the Compliance Assistance section of the agency's Web site at www.dol.gov/ebsa.	☐	☐	
Question 40 — Incentive provisions **Does the plan comply with WHCRA by not providing impermissible incentives or penalties with respect to patients or attending providers?** ..... ◆ A plan may not deny a patient eligibility to enroll or renew coverage solely to avoid WHCRA's requirements under ERISA section 713(c)(1). ◆ In addition, under ERISA section 713(c)(2), a plan may not penalize or offer incentives to an attending provider to induce the provider to furnish care in a manner inconsistent with WHCRA.	☐	☐	

[FR Doc. 04–2985 Filed 2–10–04; 8:45 am]
BILLING CODE 4510–29–C