

Date of Testimony to ERISA Advisory Council

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Reducing the Burden and Increasing the Effectiveness of Employment-Based Health Benefit Plans in the Private Sector.

Name of Individual Providing Testimony

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Proposal #1 - Elimination of the Summary Annual Report

I agree with the Council's proposal to eliminate the Summary Annual Report (SAR) requirement. The SAR, in its present form, does little to provide valuable information to participants and only seems to create confusion as they do not understand the document. I know most employees in my organization never read the report. In the last 5 years, I have had only one employee request the full report as noted in the SAR.

Additionally, eliminating the SAR requirement would be an administrative win for Human Resources staff. Significant time and effort is expended to prepare and deliver a document that is most likely ignored by plan participants. This time would be better spent on meaningful tasks that would enhance employee's understanding of benefit coverages.

An alternative solution would be to include basic plan data in the proposed SPD guide under "Basic Information about the Plan" along with instructions on how to view the full 5500 form via the Department of Labor website.

Proposal #2 - Consolidation of various annual notices into a single annual notice issued in a standard format

Consolidation and simplification of annual notices would be a positive for both plan participants and benefit administrators. In my experience, employees do not read or retain notices. If they have a specific issue or question due to personal circumstances, they will reach out to Human Resources to request the document not realizing they already receive this on an annual basis.

I would encourage the Department to consider the following changes.

- Provide a standard template which includes user friendly language that would be consistent across all group plans. Language should be user friendly and concise. Notices today are too lengthy.
- Single consolidated document distributed one time annually. Benefit administrators have numerous compliance or filing deadlines throughout the year. Anything to help simplify plan requirements would be a welcome change.

- Instead of distributing annually, allow the notices to be included or embedded within SPD or other benefit FAQ documents. They would be available to employees whenever needed. As an example, a link to the CHIP notice would be included next to dependent eligibility or coverage related topics. Notifications that do not pertain to a specific action could be consolidated into a combined document.

Proposal #3 - Modification of SPD to allow a short resource reference tool updated annually

Summary Plan Descriptions are an extremely important plan document; however, they are so lengthy and complex they frequently overwhelm plan participants. Our current SPD is 145 pages. Employees only access the document when there is a specific need to do so. However, they quickly become confused and frustrated. Instead, they will reach out to Human Resources or the insurance company for assistance. This is no longer a “summary” document and is not effective as a resource for employees.

I would recommend a simplified document such as a reference guide or FAQ to include the most commonly asked questions. Responses would provide a brief user-friendly answer. This should be offered in a digital format that allows for links to additional information, websites, etc. Employees today want a quick answer or snapshot of information with the option to access more detailed data. This type of document would be far more useful to employees.

From a benefit administrator perspective, I would not be in favor of adding this reference guide as simply another document to produce alongside the SBC, SPD, etc. Employees are already overwhelmed with the amount of information and Human Resources staff struggle to keep up with all the documents. Simplification is key. It should replace or be combined with an existing document.

Summary

Any changes to streamline and simplify benefit plan documents would be helpful to both benefit administrators and plan participants. We are flooded with information in both our personal and work lives through email, social media and other avenues. Attention spans are short and outdated, lengthy benefit documents are no longer an effective communication tool to explain the complex insurance system in today’s technology driven world. Human Resources professionals administering benefit plans are increasingly asked to do more with less staff and resources. It would be beneficial to cut out trivial administrative tasks that essentially add no value.

Thank you for the opportunity to participate in this forum.