

From: Kristen Russell
Sent: Tuesday, October 04, 2016 7:08 PM
To: EBSA, E-ORI - EBSA
Cc: Tonya Kimrey; Juliet Fitzgibbons
Subject: RIN 1210-AB63

Good afternoon,

I am writing as a benefits advisor to comment on the above Regulatory Identifier Number, and am extremely concerned that small businesses would be significantly and adversely impacted by the proposed revisions to the 5500 requirements for Health plans for several reasons:

COST

The cost of requiring group plans down to 2 employees to file 5500s will be prohibitive for small employers, possibly causing some to drop their coverage as a result. The cost of preparing a 5500 typically runs \$300-500 per plan. Even a small business might have a medical plan, dental plan, vision plan, life insurance plan, and maybe even some disability coverage. This could amount to several thousands of dollars annually that an employer would need to spend to comply. Ideally, a group would have a wrap document bringing all their plans together within their ERISA-compliant Plan Document and SPD, but I can tell you from my experience that nearly 100% of our small employer clients (under 100 employees) come to us not having a proper plan document or wrap plan in place. While we try to help all of them get into compliance, to get a Wrap Plan Document an employer might need to spend \$1500-\$3000 on a one time basis to wrap their plans together to cut the cost of the 5500's. Judging from the number of clients who come to us without plan documents, this too is more than a small employer might be willing or able to invest. To make matters worse, the existence of Schedule J will likely increase the 5500 preparation fees significantly.

COMPLEXITY

We educate clients every single day on their compliance obligations under the ACA, ERISA, HIPAA, COBRA, GINA, the ADA, and other laws. Employers with 50 or more employees have significant responsibilities under the ACA and as a result tend to better understand all their obligations. But for employers under 50 employees, by far and away the most complex and confusing the ERISA requirements regarding plan documents and notices. We know that the responsibility of preparing a 5500 form, even if they can afford to pay a preparer to help, is well beyond the capacity of small businesses that are running 100 miles an hour just to bring in enough revenue to keep the lights on. Most manage OK on their 401k plan, because the carriers do everything, and all the employer has to do is sign. But it doesn't work that way in the health benefits world – the carriers produce info that someone needs to check for accuracy, chase down missing info, and get it all to an independent preparer, and then the employer must go through the e-filing process – and again, this is in the best case scenario when they can afford to pay a preparer. I think many employers will simply conclude it's easier to drop benefits and send employees to the exchange, and I would predict a very low compliance rate among those who remain.

LACK OF DATA

The new Schedule J would require an enormous amount of data that most employers do not have access to. No fully insured employer with fewer than 100 employees will have access to the detailed claim data including denial and appeal rates. Even many smaller self insured employers would be unable to complete the stop loss data because if they are with a bundled carrier (eg one of the major carriers in

the country such as Aetna, UHC, Blue Cross) because the breakdowns between stop loss premiums and administrative fees are not always disclosed, and the attachment point is not always revealed in the contract. Some employers might even consider some of the data on Schedule J proprietary information they don't wish their competitors to see.

The employers who are our clients are extremely concerned about these proposed changes. Please keep small businesses in mind as these changes will have a large and negative effect, and may cause many small employers to drop their health insurance, which is not the goal that anyone is looking to achieve.

You may reach me at the contact info below if you have any questions.

Kristen Russell, FSA, MAAA
Chief Executive Officer
Fall River Employee Benefits
NAVIGATING THE CURRENT

[Click here to add me to your contacts.](#)

(303) 369-3200 x111 phone | (720) 280-3124 cell | (303) 369-3205 fax
2829 Wyandot St, Denver, CO 80211
www.fallriverbenefits.com | kristen@fallriverbenefits.com

