



Statement of
LINDA DUVALL, CEBS
Chief Business Officer
Associated Administrators, LLC

Before the 2017 Advisory Council on Employee Welfare and
Pension Benefit Plans

Reducing the Burden and Increasing the Effectiveness of Mandated Disclosures
with Respect to Employment-Based Health Benefit Plans in the Private Sector

June 6, 2017
Washington, D.C.

911 Ridgebrook Road, Sparks, MD 21152-9451 (410) 683-6500
8400 Corporate Drive, Suite 430, Landover, MD 20785-2361 (301) 459-3020

My name is Linda DuVall. I am Chief Business Officer at Associated Administrators, LLC. Associated Administrators is one of the largest and oldest third party administrators on the East Coast, with 95% of its book of business being Taft-Hartley multiemployer plans.

Boards of Trustees of multiemployer plans are required to act in the sole and exclusive interest of the plan and its participants. As part of that, they have a fiduciary duty to manage assets prudently on behalf of the plan participants. The cost of mass distribution of printed materials needs to be weighed against the value provided to plan participants. Mailing printed versions of various documents and notices is costly and administratively burdensome.

In order to operate at peak efficiency and to manage Trust Fund assets in a prudent manner, I support:

(1) Elimination of the Summary Annual Report (SAR) requirement

The value of SARs is questionable, given that Form 5500 is public information and readily accessible to plan participants.

(2) Consolidation of each of the various annual notices into a single annual notice issued in a standard format

My experience is that plan participants do not read or keep the mandated disclosure notices mailed to them. When the time comes when they actually have a need to know, they contact the fund office to request a copy of the same documents which were previously mailed to them.

Synchronizing compliance dates and providing participants with a single annual notice in the form of a postcard or newsletter would be more effective than mailing various lengthy notices that are not read by the participants and are administratively burdensome and costly.

Postcard:

Annual distribution of a postcard listing the name of each mandated notice, informing plan participants where they can access such notices, where they can request printed versions be mailed to them, and phone numbers where they can get answers to their individual questions would be much more effective.

Newsletter:

Annual or semiannual distribution of a newsletter summarizing each mandated notice, informing plan participants where they can access such notices, where they can request printed versions be mailed to them, and phone numbers where they can get answers to their individual questions would be much more effective.

If a participant does not have a computer or is computer challenged, he or she is still able to review the list of available notices in writing and ask for special accommodation, such as a phone call or an on-site visit to review what is available and what it means to his or her specific situation.

(3) The modification of the Summary Plan Description (SPD) requirements to allow a short resource reference tool updated annually

SPDs are one of the most important documents participants receive. However, based on my experience, few participants read their SPD until they have a specific need to do so.

SPDs need to be understandable and user-friendly for participants. While the SPD is supposed to be written to be understandable to the average participant in describing the plan and how it works, in reality SPDs are not easily understood and tend to create confusion and lack of interest. This is in part because benefits have become more complex, but also because SPDs are overloaded with compliance disclosures and legal jargon in an effort to provide legal protection for plan sponsors.

SPDs need to be easy to navigate, read and comprehend. Providing digital SPDs would offer advantages to participants and plan sponsors. Digital SPDs would be less expensive to produce and easier to update and distribute than are printed materials. They could be enhanced by including informational popups and links to other websites like insurance carriers, provider directories, fund information and forms – turning the SPD into a user-friendly reference tool for participants.

While the intent of mandated notices is good, effectiveness is lacking. What participants want to know is how to apply for benefits and where they can get answers to their individual questions.

Thank you for the opportunity to provide this testimony. I hope it will serve to support the Advisory Council's objective to reduce the burden and increase the effectiveness of mandated disclosures.