

The Keys to Compliance

The keys to **compliance** vary quite a bit from a large employer to a small employer. For example, large employers that utilize alternative funding arrangements such as partially self-funded plans have a different level of compliance and responsibility due to their fiduciary liability. The small to mid-sized employers do have very specific compliance responsibilities as well, but the penalties for non-compliance aren't as Draconian as those for the large group. They are still there and small employers do need to protect themselves, but most of the compliance work is pretty simple, though it is often overlooked and easy to skip. Compliance varies quite a bit from small to large employers.

For an employer, the keys to compliance center on asking the right questions about your plans. For example:

- Does the organization have a properly formed summary plan description and not just the information that comes from the insurance carriers?
- Are we self-funding or partial self-funding plans?
- What are our fiduciary responsibilities under those arrangements?

Basically, you must get the answers to those questions and then develop a compliance game plan to address potential liabilities. While the company goes through this process, they will find themselves to be much more on top of their plan management and have better visibility over the different moving components of their plans. They will feel confident that their plans are being run well and fostering an environment that minimizes surprises. This gives stakeholders – especially HR people – a lot more confidence in the processes within their organization that reduces fiduciary liability risks.

The key to our process at Johnson & Dugan is that we ask our clients the right questions about compliance. For example, we find that many clients value our services in the area of leave management. We ask questions such as, “Does your existing benefit program actually coordinate with what you are saying in your personnel manual?” We will review each line of coverage developing a specialized compliance solution for each client. We work to discover whether a company's existing benefit programs are in line with that organization's personnel manual, and whether each line of coverage is working. We transform the answers to the right questions into a specialized compliance solution for an individual client.