

## **PRODUCER ALERT**

**From Regence BlueShield**

### **ERISA expands Form 5500 disclosure and reporting requirements**

The following information is directed to self-insured and fully insured plans that are required to complete the Department of Labor Form 5500. Information related to the Form 5500 can be found at: <http://www.dol.gov/EBSA/5500main.html>.

#### **Form 5500 information reports to be modified for 2009 requirements**

Like most health plans and insurers, Regence is updating its reporting process to address ERISA Form 5500 expanded disclosure and reporting requirements.

Regence will provide plan information which is intended to help plans prepare Schedules A and C and will outline the amount of monetary (e.g., commissions, bonuses or fees) and non-monetary compensation (e.g., ordinary business expenses such as business meals) paid to or on behalf of a broker, general agent or other service providers. Reports will be provided to agents for distribution to the ERISA plans they represent within 120 days of the end of the contract/policy year.

#### **New Information Forms/Documents**

- For fully insured plans, a new annual information report will be provided that contains the information we believe may be required to report on Schedule A of the Form 5500
- For self funded plans, both an annual information report as well as a written disclosures document will be provided. The report is designed to contain the information that we believe may be required to report on Schedules A and C of the Form 5500. The disclosures, by contrast, contain information about certain indirect compensation paid by the Plan that they may wish to consider excluding from reporting on the Form 5500, if they determine that compensation meets the applicable requirements.

#### **Form 5500 Schedule A insurance information report**

Fully insured plans will receive reports from Regence that contain the following information for the plan to use on Form 5500 Schedule A:

- Estimated membership at the end of the policy/contract year.
- Premiums paid by the ERISA plan to Regence for the last plan year, including any premiums paid to Regence for stop-loss insurance.
- Compensation paid to the broker(s) and general agent(s) of record for the last policy/contract year as commissions based on premium and compensation paid by Regence as sales incentive bonuses. This information has been reported in previous years and will continue to be reported as separate amounts. For plan years beginning in 2009, ordinary business expenses and expenses categorized as gifts and entertainment (if any) will also be reported.

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Premiums for stop-loss insurance purchased by self-insured plans from Regence will be reported as information for Schedule A.

A separate report will be provided for groups that purchase Life/AD&D benefits and stop-loss insurance from Regence Life & Health.

#### **New Form 5500 Schedule C insurance and service provider information report**

ERISA plans that are self-funded will receive reports that contain the following information for reporting on 5500 Schedule C forms:

- Administrative fees paid by the ERISA plan directly to Regence for the policy/contract year, including any bundled arrangements in which Regence pays an affiliate, vendor or associate for services that the ERISA plan purchases through Regence.
- Fees collected by Regence from other sources for services provided to the ERISA plan (“indirect compensation”).
- Compensation paid to the broker(s) and general agent(s) of record for the last policy/contract year as commissions based on premium and compensation paid by Regence as sales incentive bonuses. This information has been reported in previous years and will continue to be reported as separate amounts. In 2009, ordinary business expenses and expenses categorized as gifts and entertainment (if any) will also be reported.
- Any non-monetary benefits received by the applicable broker(s) and general agent(s) of record that are directly or indirectly related to the value or volume of contracts for each ERISA plan.
- Any compensation paid, directly or indirectly, to other service providers if greater than \$5,000 during the policy/contract year and not reported on an Eligible Indirect Compensation (EIC) disclosure document.

#### **For additional information regarding the revised reporting requirements:**

For additional information please seek legal advice or refer to DOL information website at:

<http://www.dol.gov/EBSA/5500main.html>. This document is not intended to give legal or financial advice to any ERISA plan. Each ERISA plan is responsible for the actual filing and preparation of its annual 5500 reports in compliance with Department of Labor regulations.