

Are Your Employee Health and Other Welfare Benefits Fully Wrapped?

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Many employers utilize "wrap plan" documents to consolidate their health and other employee welfare benefit programs into a single plan for ERISA purposes. Basically, a wrap plan document incorporates by reference the insurance policies and benefits booklets that comprise the entire plan. By consolidating employee welfare benefit programs into a single plan, a wrap plan document, when properly drafted, will ease the plan sponsor's compliance obligations under ERISA's plan document, reporting, and disclosure requirements. If welfare benefits are properly consolidated under a wrap plan, employers may be able to file a single Form 5500 for all their employee welfare benefit programs. Problems may arise if not all of the benefits programs that are considered ERISA "employee welfare benefit plans" are covered by the wrap document. It is thus critical that employers review all their welfare benefit programs to ensure they are properly covered under the wrap plan and included with the Form 5500 filed for the wrap plan. In addition to standard medical, dental, vision, and disability benefits, the following welfare benefits may constitute employee welfare benefit plans that should be included in the wrap plan if the plan sponsor is not filing separate Forms 5500:

- Business travel and accident benefits;
- Insured disability benefits;
- Accidental death and dismemberment insurance coverage;
- Health flexible spending accounts and medical expense reimbursement plans;
- Legal assistance benefits; and
- Employee assistance plans.

In the event a plan sponsor determines it has been filing one Form 5500 for all of its plans, but has failed to adopt a wrap plan, or determines it has omitted an ERISA plan from its wrap plan document, the plan sponsor should take remedial action before the end of the year, which may include a plan amendment and/or filing any past due Forms 5500 under the DOL's delinquent filer program.