

DOL Settles with Group Health Plan Over Findings of Affordable Care Act and ERISA Violations

October 7, 2016

The DOL issued a press release announcing its recent settlement with fiduciaries of a group health plan (the “**Plan**”) sponsored by Sierra Pacific Industries, a major western lumber producer. The press release followed the conclusion of a DOL investigation that determined the Plan did not comply with the Affordable Care Act (“**ACA**”) and ERISA in certain respects. In particular, the DOL found problems with the Plan’s claims processing, with the clarity of the Plan’s documents, and with the application of the Plan’s procedures for deciding claims. In addition, the DOL found the Plan had been administered erroneously under ACA “grandfathered status” since January 1, 2013. As a result of this investigation, the Plan’s fiduciaries agreed to (i) revise the Plan’s documents and internal procedures; (ii) re-adjudicate past claims for preventive services, out-of-network emergency services, claims affected by an annual limit, and pay claims in compliance with the ACA and ERISA; (iii) submit claims that were eligible for external review to an independent review organization; (iv) pay claims that had been left on hold for a long time; (v) comply with timelines for deciding claims as provided under ERISA’s claims regulations; and (vi) for the 2017 plan year, forego any increases to participants’ premiums, annual out-of-pocket limits, annual deductibles, and coinsurance percentages that were in effect for the 2016 plan year. The DOL’s press release is another reminder that employers need to ensure the documentary and operational compliance of their health and welfare benefits plans, as well as other types of ERISA plans. The penalties for non-compliance can be substantial. The press release does not state what triggered the DOL’s initial investigation. [View a copy of the DOL's press release.](#)