

Preparing for a DOL Health & Welfare Plan Audit; *Coming Soon to Your Health Plan*

May 4, 2016

Chrystine M. Heier, CEBS CPE-Compliant, LIA
Principal and Co-Owner
Sullivan Benefits

The Department of Labor (DOL) has broad authority under the Employee Retirement Income Security Act of 1974 (ERISA) to investigate or audit a health and welfare benefit plan's compliance with various federal laws. More recently, **the DOL has increased its investigative authority** to enforce compliance with the Affordable Care Act (ACA); considerable resources have been placed into enforcement activities with the intent to **audit all health plans by 2018**. **Are you prepared to respond to a DOL audit request in a timely manner?**

The best preparation for a DOL audit is to proactively conduct a self-audit and actively monitor and track your ongoing compliance efforts. To do this, enlist your broker/consultant, insurer or TPA to help provide you with the necessary plan documents, required notices and disclosures, and tools to track and demonstrate your compliance efforts. Self-audits take time and effort, but the payoff is the ability to identify and correct issues before the DOL reaches out to you, as well as peace of mind knowing your plan is in compliance and you are fully prepared for when a DOL investigation letter arrives.

What to do When You Receive a DOL Audit Notice

First – *BREATHE*.... Then, whatever you do, **DO NOT IGNORE THE NOTICE!** Address the DOL request in a timely and professional manner; the most successful and smoothest DOL interactions occur when you present the auditor with a complete package of requested information, organized in the same order as requested. Use the same titles and headings, and highlight exact locations where requested information can be found. It's important to provide all information requested, but ***never provide more than is requested in order to mitigate the risk for additional investigation*** (once a DOL audit begins, all ERISA obligations are fair game, not just those in the initial letter).

The following steps will help you navigate the DOL audit process:

1. **Acknowledge receipt of the letter and immediately request an extension;** the DOL will generally grant an extension which will provide breathing room to prepare.
2. **Review the data request and contact the auditor to find out what the focus of the audit will be;** often times there is an area of particular focus which may or may not be obvious in the data request.
3. **Identify key sources to obtain requested information;** contact your broker/consultant and legal counsel to advise them of the audit and associated timelines, and to secure their assistance in compiling information requested.
4. **Prepare a DOL package of requested information;** it's important to keep in mind that the more organized and complete the package, and the easier you make it for the auditor (they like binders with tabs and cross references), the quicker and more smoothly the audit will take place.
5. **Thoroughly review your DOL package for accuracy before submitting it!** Enlist help from your broker/consultant or legal counsel experienced with DOL audits; if discrepancies are discovered, be sure to provide suitable explanations.
6. **Prepare staff for potential on-site visits and interviews** and ask your broker/consultant, legal counsel or other service providers to attend the on-site visit if appropriate.

When you are selected for a DOL audit, you need to be prepared. The following resources are provided to help you ensure your plan is in compliance with DOL requirements. Sullivan Benefits is here to help you prepare for and navigate an audit with complete confidence; for additional resources and guidance, please contact any member of the [Sullivan Benefits Team](#).

[UBA DOL Audit Checklist](#)

[Sullivan Benefits DOL Audit Guide](#)

[UBA White Paper: “Don’t Roll the Dice on Department of Labor Audits”](#)

The above information is provided to help organizations plan and prepare for a DOL audit; it is not intended to be exhaustive, nor should it be construed as legal advice.