

'Write It Down': How To Communicate Employee Benefit Plan Changes

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With health care reform approved by the nation's highest court, it is time for employers to get back to work on reform-based compliance. While there will be countless efforts to repeal the law, the prudent employer will focus on the compliance tasks in front of them and not worry about long-term changes or political grandstanding from either side. To comply with health care reform, many employers will be faced with plan design changes. Employers must then ask, "how do I communicate this to my employees?"

Communicating changes to a benefit plan requires updating all documents where the employer originally wrote down the benefit plan details. The Plan Document must be updated with a Plan Amendment. The Summary Plan Description must be updated by issuing a Summary of Material Modifications, and the Summary of Benefits and Coverage must be updated by issuing a Notice of Material Modifications.

The key to getting this right is consistency between all of the documents. And a cautious employer will not craft new summaries or letters that conflict with the ERISA-required documents. If you want to send a cover letter to employees with the updated ERISA documents, make sure it is entirely consistent with the ERISA documents. Inconsistency can be the basis for an employee lawsuit.

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