



Summary Annual Reports Due Sept. 30

Health plans with **100 or more plan participants** at the beginning of a plan year are generally required to furnish a Summary Annual Report (SAR) to each health plan participant **within 9 months** after the end of a plan year. As a result, the deadline for most calendar year plans to satisfy the SAR requirement for plan year 2017 is **September 30, 2018**.



What Must be in a SAR?

A SAR serves as a narrative summary of the group health plan's Form 5500 annual report. In general, a SAR must provide the following information on the plan year (among other things):

- Name of the insurer
- Total premiums paid
- Value of plan assets at the beginning and end of the plan year
- Amount of plan expenses

Is a Model Notice Available?

While the U.S. Department of Labor has not released a model SAR, **federal regulations provide model language**. To review this model language, [click here](#) and see the section titled "Form for Summary Annual Report Relating to Welfare Plans."

Check out our [Benefits Notices Calendar](#) section for additional information on federal notice requirements.

Medical Loss Ratio Rebates Coming Soon to Plan Sponsors

The Affordable Care Act's medical loss ratio (MLR) rules require group health insurance issuers to provide rebates if their MLR—the percentage of health insurance premiums spent on health care and activities to improve health care quality—falls short of the applicable standard during a reporting year. Each year's rebates must be issued to plan sponsors by September 30 of the following year. **As a result, plan sponsors should be looking for these rebates to arrive in the coming weeks.**



Employer Distribution

The [MLR rules](#) provide that issuers must pay any rebates owed to persons

covered under a group health plan to the policyholder, **who is then responsible for distributing the rebate to eligible plan enrollees**. In general, there are several ways rebates may be distributed by plan sponsors to plan enrollees, including:

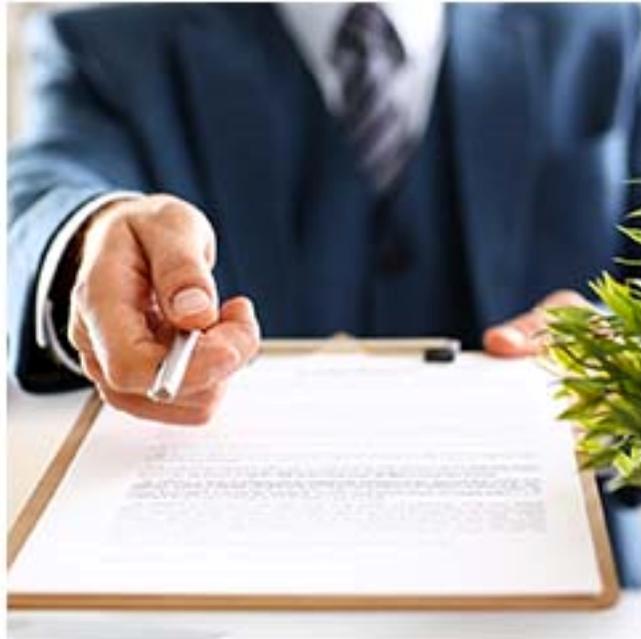
1. A rebate check in the mail;
2. A lump-sum reimbursement to the same account that was used to pay the premium if it was paid by credit card or debit card; or
3. A direct reduction in future premiums.

In addition to the above methods, employers may also apply the rebate in a way that benefits employees. However, decisions on how to apply or expend the plan's portion of a rebate are subject to the [general standards of fiduciary conduct](#) under the federal Employee Retirement Income Security Act (ERISA).

Visit our section on [Medical Loss Ratio \(MLR\) Rebates & Employer Responsibilities](#) to learn more.

Top 5 New Hire Forms

An employee's first day on the job can be very stressful for both the employee and employer. While trying to set up the employee with his or her parking pass, email account, and other necessities, employers should also remember that completing the following forms is just as important.



1. **Form I-9:** Under federal law, employers are required to verify the identity and employment authorization of each person they hire by completing and retaining Form I-9. Newly hired employees must complete and sign Section 1 of Form I-9 **no later than the first day of employment.** [Click here](#) to download Form I-9.
2. **Federal Form W-4:** An employee must complete federal Form W-4 in order for the employer to withhold the correct federal income tax from the employee's pay. [Click here](#) to download federal Form W-4.
3. **State Form W-4:** In states with a state income tax, an employee must complete a state Form W-4 or its equivalent in order for the employer to withhold the correct state income tax from the employee's pay. To obtain a state Form W-4, contact your state's [taxation department](#).
4. **Basic Employment Information Sheet:** Employers should keep certain basic information about each of their employees on file, including their addresses, phone numbers, and emergency contacts. [Click here](#) to download a Basic Employment Information Sheet.
5. **Direct Deposit Authorization Form:** It is now easier than ever for an employer to directly deposit an employee's paycheck into his or her bank

account. Such deposits, however, must be specifically authorized by the employee. [Click here](#) to download a Direct Deposit Authorization Form.

Our [Recruitment & Hiring](#) section features more great hiring tips.

How Summer Hires May Impact Your ALE Status

Employers that hired seasonal workers this summer are reminded that there is a seasonal worker exception when measuring workforce size to determine whether they are an applicable large employer (ALE) subject to the Affordable Care Act's employer shared responsibility ("pay or play") provisions.



Seasonal Worker Exception

The pay or play provisions generally require ALEs—generally those with **at least 50 full-time employees**, including full-time equivalent employees (FTEs)—to offer affordable health insurance that provides a minimum level of coverage to full-time employees and their dependents in order to avoid paying a tax.

However, if an employer's workforce exceeds 50 full-time employees (including FTEs) **for 120 days or less (or 4 calendar months) during the preceding calendar year**, and the employees in excess of 50 who were employed during that period were seasonal workers, the employer is **not considered an ALE for the current calendar year**. A seasonal worker for this purpose is an employee