



Questions & Answers **Re WHIT Change to Group Insurance Arrangement**

Q1: What is new in this Subscription Agreement (2009 ed.)?

Answer #1. It officially transfers several duties from the Employer to the Trust. Actual Trust operations remain virtually unchanged, but the new Subscription Agreement affirms that the employer as plan fiduciary is delegating certain fiduciary duties over to the Trust.

Q2: Will the Trust continue to provide its current services to the employers? What are they?

Yes, these services include such things as preparation of the Summary Plan Description, the Summary Annual Report and HIPAA notices, which we will continue to prepare for all employers. We will continue the current practice to send these materials to you for distribution to your employees. Most importantly, the Trust will continue to prepare the IRS Form 5500, and submit it to the IRS.

Q3: You indicated that WHIT has a new status – as a “GIA”. What is a Group Insurance Arrangement (GIA)?

Answer #3: GIA is a designation under IRS rules. The Trust no longer qualifies as a single ERISA plan,¹ but is a GIA.

Q4: What is the effect of the change to a GIA on the participating employers?

Answer #4. With the change in status to a GIA, each employer participating in the Trust becomes the fiduciary on its WHIT plans. ERISA imposes certain fiduciary responsibilities on health plan sponsors. However, ERISA allows the participating employers to delegate many of the administrative and fiduciary duties associated with operating the plan to outside service providers; signing the Subscription Agreement delegates those duties to the Trust.

Q5: Is there any new duty for the employers?

Answer #5: One fiduciary responsibility that cannot be entirely delegated to WHIT is the duty to audit and/or monitor employer contributions and review eligibility

¹ Formerly, WHIT qualified as a “plan” under the federal Employee Retirement Income Security Act (“ERISA”), and filed with the IRS in that status. WHIT no longer qualifies as a “plan” under ERISA; and its tax filing status with the IRS has changed from a “plan” to a “Group Insurance Arrangement” (GIA).

determinations. This is not due to the change to GIA status, but due to recent pressures on accounting firms.

Q6: How do we comply with the new accounting rules re audits?

Answer #6: To help the employers and the Trust comply with the new accounting rules, WHIT has adopted a Contributions & Eligibility Review Program (“Review Program”). This Review Program will require each participating employer to certify annually that it has performed an internal review of employer contributions and eligibility determinations. We believe many of you already perform this review function, since participating employers generally seek to verify proper contributions and eligibility. The “Annual Certification” is attached; you will see it is very short.

Q7. Will the Trust participate in the Review Program?

Answer #7. Due to various pressures on the accounting industry, multiemployer health trusts have become subject to onerous payroll audit programs. However, because WHIT now qualifies as a Group Insurance Arrangement (“GIA”), instead of an ERISA “plan,” WHIT is subject to reduced requirements re audit of premiums. The Trust will need to obtain limited information from participating employers, every few years, to verify proper employee participation, eligibility, and benefit contributions. WHIT will work with you to obtain this information in the least intrusive manner possible.