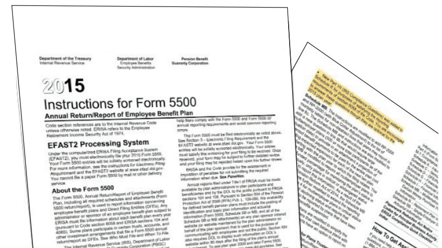
ALLIED NATIONAL BULLETIN

May

AN ALLIED NATIONAL SALES AND MARKETING PUBLICATION

2016

Form 5500 Information Worksheet Coming Soon



2015

Instructions for Form 5500

Annual Return/Report of Employee Benefit Plan

Deadline Soon

Allied National will be mailing employers, who are enrolled in our Funding Advantage plan, the 5500 Filing Information worksheet they need to fill out their form 5500 in late May. Form 5500 must be filed electronically with the IRS by the last day of the seventh month following the end of the plan year, unless an extension has been granted. For calendar-year plans, the deadline is July 31.

Under the rules and requirements of the Employee Retirement Income Security Act, a self-funded employee benefit plan is required to make an "Annual Report" to the Department of Labor using the 5500 Report. Small employers under 100 lives have a general exemption from making this filing if their plan is fully insured or unfunded. However, they lose this exemption if they are considered funded because they are withholding employee funds and these contributions are held by a third party (other than an insurance company), such as a Third Party Administrator in an account to pay claims benefits. Funding Advantage plans generally fall into this category of a "funded" plan.

Allied sends out the data and the information necessary to file the 5500 report, however, the employer is required to do this filing them self. Small employers are generally able to file the 5500-SF (short form) version. This filing information is also available to you and your clients on the Allied Self-Service Site.

In an effort to help employers with this filing, we have created a new informational page on our website at ***www.alliednational.com/5500*** with detailed instructions on how to complete a 5500-SF filing. We hope you and your clients will refer to this page for assistance.

Unused Claim Funds - A Safe Option for Employers

Employers who have Funding Advantage maintain a claim fund to pay routine claims. If the employer's plan has a "healthy year" there's a good chance there will be unused funds.

It's imperative the employer handles those unused funds correctly, and the safest options is to apply the refund to next year's payments.

Funding Advantage is an ERISA self-funded plan and there are strict regulations as to what an employer can do with the returned claim fund, because most claims funds are comprised, at least partially, of employees' money.

Allied National returns unused claim funds to employers at the end of the plan year's nine-month run out period (if there are any claims pending at that time, some or all of the claim funds may be held pending resolution of those claims). Funds are released or rolled over to the next year as a credit. This is the essence of self funding – money not spent on benefits remains with the employer's benefit plan, not the insurance company.

Employers have a fiduciary responsibility under ERISA to return the money to the employees or spend it on employee welfare benefits. Any other use of the funds would be a red flag during a Department of Labor audit and could lead to serious fines.

Many employers want the refund returned as a check, but Allied recommends employers apply their claim refund to future monthly payments. Allied will apply the refund as a credit on the employer's account. This option eliminates the potential of using the money incorrectly, and makes it easier if there is an audit to show how the money was used for employee welfare.

4551 W. 107th St., Suite #100 | Overland Park, KS 66207

sales@alliednational.com | www.alliednational.com

888-767-7133
sales@alliednational.com
www.alliednational.com

A SALES AND MARKETING PUBLICATION
FROM ALLIED NATIONAL

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Why Allied's MediPay Plan Might be the Right Choice for Your Clients

Employers who hire a lot of low-wage employees have a dilemma. The Affordable Care Act (ACA) requires them to provide minimum essential coverage to their employees – but those costs can be more than the employer can afford. Secondly, the employer's workers often don't make enough to help with much or any of those costs. Ignoring the ACA isn't an option, because the penalties are steep.

A low cost minimum value plan built using Allied National's Funding Advantage MediPay option may be the best choice for your clients in this situation.

The MediPay Plan benefit option provides traditional major medical coverage where reimbursement to providers is reference based on a multiple of Medicare reimbursement levels. There is no network and members are free to go to any provider for services.

This provides low plan cost but members will be responsible for balance billing from providers who won't accept the selected Medicare reimbursement levels. MediPay Plan benefits and reimbursement can be set at any level to meet the cost and benefits needs of every employer.

MediPay in action

John Seaman, owner of Seaman Financial, has been selling group health plans since the late 1970s. He's seeing a lot of interest in Allied's self-funded plans in the Corpus Christi, Texas, area – especially the MediPay plan.

Employers who are most interested in MediPay in John's territory oversee restaurants, hotels and construction projects.

"From the employer's point of view, a minimum value plan built using MediPay meets all the rules and laws of the Affordable Care Act and helps employers "play" under the "Pay or Play" rules," John said.

The employer not only is able to afford to provide coverage, he or she avoids both of the ACA penalties for not offering coverage as a large employer.

"It also gets the employees out of penalties and most are appreciative of the coverage being offered," John added.

John admits there's been a bit of a learning curve getting providers to accept the Medicare reimbursement levels. While some doctors accept it, others require more explanation about how it works.

John said that what he likes about selling a level-funded plan like MediPay is that an employer can self fund their group health benefit program, pay a fixed cost each month and not worry "about something to come bite them at the end of the term."

Increased Short-Term Medical Benefit for College Athletes

Increase your Short-Term Medical Plus sales with college students who participate in intercollegiate athletics programs. Effective May 1, Allied National is increasing the coverage period maximum benefit for intercollegiate athletic bodily injuries back to $10,000. We are doing away with the Post-Secondary limit of $2,500.

Many universities and colleges require athletes entering their programs to have some sort of medical coverage in place to limit their exposure and risk to the injuries that can happen on the playing field. Short-term medical plans can be a low cost option for those athletes not covered as a dependent under a parent's plan. The plan can be prepaid and put in place to last the duration of the student athlete's sport season and provide the coverage the school requires.

Better coverage for your potential clients makes it easier for you to sell this product.