



Group Health Plan Termination Checklist

This checklist is designed to guide you through the steps of terminating a group health plan.

Terminating an existing group health plan requires careful planning and proactive consideration to ensure compliance with laws that govern group health plans.

Whether terminating a plan midyear or choosing not to renew at the end of the plan year, employers and health plan administrators must address important compliance requirements. This checklist provides guidance to help you navigate the necessary steps when terminating a health or welfare plan governed by the Employee Retirement Income Security Act (ERISA).

Follow these steps to terminate an ERISA health and welfare plan:

- ☐ **Verify termination rights.** Review the ERISA plan documents to confirm the employer/plan sponsor has the right to terminate the plan. Most plans include such provisions, but this is not universal, so the termination process may be policy-specific.
- ☐ **Review existing contracts.** Review employment agreements, collective bargaining agreements, buy/sell agreements, and similar contracts to ensure the plan termination meets existing obligations.
- ☐ **Confirm carrier/third-party administrator (TPA) termination policies.** For insured plans, consult with the carrier or TPA about any state-specific requirements. For self-funded plans, coordinate with the stop-loss carrier prior to taking any termination action.
- ☐ **Obtain board approval.** Obtain formal approval from the board of directors or other governing body, and document the decision to terminate the plan.
- ☐ **Prospectively amend plan documents.** Update relevant ERISA plan documents, including the Summary Plan Description (SPD), Summary of Benefits and Coverage (SBC), master plan document, and cafeteria plan documents to comply with IRS rules.
- ☐ **Notify participants and COBRA qualified beneficiaries.** Adhere to specific timing requirements for each type of notice. For example, SBC amendments, such as updates to the plan end date, require advance notification of at least 60 days. See additional timelines and notice requirements in the ERISA Timeline of Benefit Notices for Group Health Plans guide.
- ☐ **Manage COBRA obligations.** Distribute COBRA notices, such as early termination notices, and confirm arrangements to meet COBRA obligations until the plan's termination takes effect.
- ☐ **Complete ERISA reporting.** Fulfill final reporting obligations, such as filing Form 5500.
- ☐ **Prepare for final ACA reporting.** For plans subject to Affordable Care Act (ACA) reporting requirements (Forms 1094/1095-B and/or 1094/1095-C), retain necessary records and meet all reporting deadlines.
- ☐ **Evaluate plan assets and liabilities.** Identify outstanding liabilities, including administrative fees and unpaid claims, and distribute plan assets as required by the plan documents.
- ☐ **Ensure fiduciary responsibilities are met during the termination process.** Employers and plan administrators must operate in the best interest of participants and consider their perspective throughout the process.
- ☐ **Maintain documentation.** Retain records related to the plan formation, operations, distributions, fiduciary actions, and termination for at least six years as required by ERISA for compliance and audit purposes.