

# Enhancing Healthcare Administration Compliance: A Case Study on WorXsiteHR's Audit and Collaboration with the Department of Labor

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**Abstract.** This white paper delves into the critical area of healthcare administration and highlights a case study involving WorXsiteHR, a third-party administrator in healthcare and founder of the HealthWorX plan, and its audit by the Department of Labor (DOL). It explores the best practices in healthcare administration, providing references and citations to support the discussion. The paper examines how WorXsiteHR, with guidance from the DOL, successfully updated its service agreement, implemented an automatic claims processing system, enhanced its Explanation of Benefits (EOB) form to meet ERISA requirements, and improved its Summary Plan Descriptions (SPDs) to ensure the correct provisions. Ultimately, this collaborative effort between WorXsiteHR and the DOL resulted in the approval of WorXsiteHR's healthcare plan and the closure of the investigation.

## 1. Introduction

WorXsiteHR is a prominent third-party administrator (TPA) in the healthcare industry, specializing in managing employee benefits plans for a diverse range of clients. With an extensive network of healthcare providers and an impressive track record of delivering efficient services, WorXsiteHR has gained the trust of employers and plan participants alike.

In the complex landscape of healthcare administration, ensuring compliance with federal regulations is paramount. One critical regulatory framework governing employee benefits is the Employee Retirement Income Security Act (ERISA). This white paper focuses on the case of WorXsiteHR, which underwent a random audit by the Department of Labor (DOL) regarding issues related to ERISA compliance. This audit led to collaborative efforts between WorXsiteHR and the DOL to improve its healthcare administration practices.

The primary purpose of this white paper is to provide an in-depth analysis of the WorXsiteHR case study, showcasing best practices in healthcare administration while discussing the collaborative approach taken to meet ERISA guidelines. This case study serves as an example of how organizations can enhance their healthcare administration processes, strengthen their compliance with federal regulations, and foster collaboration with regulatory authorities.

This white paper covers a range of topics related to healthcare administration best practices, WorXsiteHR's audit by the Department of Labor, the collaborative efforts undertaken, and the ultimate approval of WorXsiteHR's healthcare plan. It explores key elements such as service agreements, claims processing, Explanation of Benefits (EOB) forms, and Summary Plan Descriptions (SPDs). The paper concludes by highlighting the significance of this collaboration in ensuring compliance and protecting employee benefits.

## **2. Healthcare Administration Best Practices**

To set the stage for the WorXsiteHR case study, it is essential to understand the best practices in healthcare administration that organizations should adhere to. These practices not only ensure compliance with ERISA but also promote transparency, efficiency, and employee satisfaction.

ERISA, enacted in 1974, establishes minimum standards for employee benefit plans, ensuring that participants and beneficiaries are protected. Compliance with ERISA includes providing plan participants with important information and ensuring fiduciary responsibilities are upheld.

Clear and transparent service agreements are essential for both plan sponsors and participants. These agreements should outline the roles and responsibilities of all parties involved, including the third-party administrator. They must also define the terms and conditions of the services provided and adhere to ERISA requirements.

Efficient claims processing is crucial for timely reimbursement of healthcare expenses. Implementing automated claims processing systems can streamline the process, reduce errors, and expedite payments to providers.

The Explanation of Benefits (EOB) is a critical document that explains the benefits provided by the healthcare plan and outlines what the plan covers and what participants are responsible for paying. It should be clear, accurate, and compliant with ERISA requirements.

Summary Plan Descriptions (SPDs) are documents provided to plan participants that describe their rights and benefits under the plan. They should be easy to understand, comprehensive, and accurate. Compliance with ERISA requires providing participants with timely and complete SPDs.

## **3. WorXsiteHR's Audit by the Department of Labor**

As with many large TPAs, WorXsiteHR's audit by the Department of Labor (DOL) was initiated randomly to verify compliance with ERISA regulations. The DOL's primary role is to ensure that employee benefit plans adhere to ERISA guidelines to protect the interests of plan participants.

Recognizing the importance of ERISA compliance, WorXsiteHR welcomed an audit by the DOL to assess its adherence to ERISA guidelines. The audit aimed to identify any deficiencies, gaps, or potential areas of non-compliance within WorXsiteHR's operations. Rather than viewing the audit as a regulatory hurdle, WorXsiteHR embraced it as an opportunity to enhance its practices. This collaborative approach involved open communication and cooperation between WorXsiteHR and the DOL, leading to the development

and implementation of strategies to ensure government accord as to WorXsiteHR's compliance with ERISA requirements.

The DOL had specific expectations regarding WorXsiteHR's healthcare plan administration. These expectations included transparency in service agreements, efficient claims processing, accurate EOBs, and clear and comprehensive SPDs. The DOL identified areas where it believed WorXsiteHR's disclosures could be more fulsome.

During the audit, the DOL identified certain areas where they believed WorXsiteHR's healthcare administration practices could be improved to ensure they met ERISA standards. These included language in the service agreement, EOB forms, and SPDs, as well as automation in claims processing. These findings highlighted the need for collaboration between WorXsiteHR and the DOL to tighten up these areas prior to the massive growth expected by WorXsiteHR and the HealthWorX plan.

#### **4. Collaborative Efforts with the Department of Labor**

Before the audit, WorXsiteHR had implemented ERISA compliance measures, but recognized that in the dynamic healthcare field – with rapidly changing statutory and regulatory standards (not to mention court decisions) – it would need to adjust and modify its disclosures and claims processing systems periodically. One of the key areas identified for improvement was the service agreement between WorXsiteHR and its clients, the plan sponsors. To address the DOL's concern, WorXsiteHR collaborated with the DOL to update its service agreement, to ensure that it:

- a. Clearly defined roles and responsibilities.
- b. It clearly outlined terms and conditions
- c. Reflected transparency in fee structures.
- d. Articulated fiduciary responsibilities.

By revising the service agreement, WorXsiteHR enhanced transparency and alignment with ERISA standards, thereby addressing a critical concern of the DOL.

Efficient claims processing is essential to ensure timely reimbursement of healthcare expenses and minimize administrative errors. Recognizing the need for improvement in this area, WorXsiteHR worked closely with the DOL to implement an automatic claims processing system. This system streamlined the claims process, reducing delays and errors, and ensuring faster payments to healthcare providers.

The implementation of this system not only improved WorXsiteHR's operational efficiency but also demonstrated its commitment to enhancing compliance and participant satisfaction.

The EOB form plays a pivotal role in helping plan participants understand their benefits and responsibilities. To address concerns regarding EOB accuracy and compliance with ERISA requirements, WorXsiteHR collaborated with the DOL to enhance its EOB form. The improvements included:

- a. Ensuring clarity and accuracy in benefit explanations.

- b. Incorporating all required ERISA disclosures.
- c. Simplifying language to enhance participant comprehension.
- d. Providing contact information for questions or concerns.

These enhancements not only further aligned WorXsiteHR with ERISA standards, but also improved the overall participant experience.

Clear and comprehensive SPDs are essential for participants to understand their rights and benefits under the plan fully. WorXsiteHR recognized the importance of improving its SPDs and worked closely with the DOL to achieve this. The improvements included:

- a. Simplifying language and formatting for better readability.
- b. Verifying that all ERISA-required disclosures were included.
- c. Providing more detailed information as to plan benefits, eligibility, and claims procedures.
- d. Making SPDs accessible to participants.

By enhancing its SPDs, WorXsiteHR aimed to ensure that participants had access to clear and accurate information about their healthcare benefits.

Throughout the collaborative efforts to address the DOL's concerns, WorXsiteHR established a robust monitoring and reporting system. This system allowed the company to track its progress in implementing the recommended changes, ensuring ongoing compliance with ERISA regulations.

Compliance advisors, both internal and external to WorXsiteHR, played a crucial role in guiding the company through the complexities of ERISA compliance. Their expertise ensured that the company's efforts aligned with regulatory requirements.

Regular reports were submitted to the DOL to demonstrate WorXsiteHR's commitment to transparency and accountability. This collaborative approach facilitated open communication and fostered a positive working relationship between WorXsiteHR and the DOL.

## **5. Department of Labor's Approval and Investigation Closure**

The collaborative efforts between WorXsiteHR and the Department of Labor led to significant improvements in the company's healthcare administration practices. The updates to the service agreement, implementation of an automatic claims processing system, enhancement of the EOB form, and improvements in SPDs collectively ensured DOL's agreement that WorXsiteHR meet satisfied ERISA's requirements as to the areas under audit/review.

By revising the service agreement, WorXsiteHR ensured transparency in its relationships with plan sponsors and clarified its fiduciary responsibilities. The automatic claims processing system improved efficiency and accuracy, reducing administrative errors and delays. The enhanced EOB form

and improved SPDs provided participants with clearer, accurate, and more comprehensive information about their benefits.

These efforts not only enhanced compliance with ERISA regulations but also fostered transparency and accountability in WorXsiteHR's healthcare administration practices.

Compliance with ERISA is primarily aimed at protecting the rights and benefits of plan participants. By collaborating with the Department of Labor and implementing the recommended changes, WorXsiteHR demonstrated its commitment to safeguarding the interests of plan participants. The improvements in service agreements, claims processing, EOBs, and SPDs ensured that participants received the benefits they were entitled to and could better understand and navigate their healthcare plans.

WorXsiteHR's collaboration with the Department of Labor had broader implications for the company's reputation and market position. Achieving compliance with ERISA regulations not only ensured the protection of plan participants but also positioned WorXsiteHR as a trusted and reliable healthcare administration partner. This enhanced credibility will no doubt lead to increased client trust and business opportunities.

As a result of WorXsiteHR's collaborative efforts and successful implementation of the recommended changes, the Department of Labor approved WorXsiteHR's healthcare plan offerings, and the key documents related to its operations. This approval signified that WorXsiteHR had achieved compliance with ERISA regulations and satisfied the DOL's expectations for healthcare plan administration practices.

The closure of the investigation marked a significant milestone for WorXsiteHR, underscoring the importance of collaboration and proactive efforts to enhance compliance with regulatory standards.

## **6. Conclusion**

The WorXsiteHR case study highlights the importance of healthcare administration best practices and compliance with ERISA regulations. Through collaboration with the Department of Labor, WorXsiteHR successfully addressed concerns related to service agreements, claims processing, EOBs, and SPDs. This collaborative effort not only led to compliance with ERISA guidelines but also improved transparency, efficiency, and participant satisfaction.

Key takeaways from this case study include:

- The significance of transparent service agreements that align with ERISA standards.
- The benefits of implementing automated claims processing systems to improve efficiency.
- The importance of clear and accurate Explanation of Benefits (EOB) forms.
- The need for comprehensive and participant-friendly Summary Plan Descriptions (SPDs).
- The positive outcomes of collaboration with regulatory authorities to enhance compliance.

The successful collaboration between WorXsiteHR and the Department of Labor sets a precedent for other healthcare administrators seeking to enhance their compliance with ERISA regulations, as well as the federal acceptance of WorXsiteHR's HealthWorX medical plan. This case study demonstrates that proactive efforts to address compliance concerns can lead to improved healthcare administration practices, better participant experiences, and enhanced market credibility.

In the ever-evolving landscape of healthcare administration, organizations must remain vigilant in their commitment to compliance, transparency, and participant protection. Collaboration with regulatory authorities can be a valuable tool in achieving these goals.

We would like to acknowledge the Department of Labor and the Groom Law Group for their willingness to collaborate and share their experiences for this case study. Their commitment to improving healthcare administration practices and ensuring compliance with ERISA regulations has served as an inspiring example for the industry.

## References

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