

Policy Document – Private Plan Audit Guide

The following document establishes the manual that shall be utilized when the Authority conducts an audit of a private plan that provides or provided Connecticut Paid Leave Coverage. The intent of the document is to capture each step of the audit. In addition to this guide, the audit shall involve the submission or collection of various documents described in more detail within the guide. The audit shall also involve the creation of a report on the outcome of the audit.

A Private Plan Audit Guide shall be completed for each audit over the course of the audit.

- Boxes shall be checked over the course of the audit, when applicable
- Language within brackets [] shall be completed over the course of the audit, when applicable
- Language within braces { } may change based on the scope of the audit

The sections of the Audit Guide that are not applicable to the particular audit ~~shall remain in~~ can be removed from the guide. ~~However, watermarks or other notations may be added in order to indicate that the particular audit does not include a section(s).~~

Other changes may be made for particular audits, in order to correct for any grammar or language errors, to adjust for better utilization of space, or to add clarity when necessary. Page numbers and the Table of Contents shall be updated as appropriate. Information may be added to the Headers or Footers, in order to document details of the audit (e.g., dates, employer name).

This page shall not be included in the Private Plan Audit Guide when utilized for audits. The Guide shall begin with the cover sheet on the next page.



Private Plan Audit Guide

Private Plan Name:

[_____]

Date of Audit Notification:

[_____]

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Section 1 – Introduction

The Connecticut Paid Family and Medical Leave Insurance Authority ("Authority") is responsible for managing and monitoring the Connecticut paid leave program, including oversight for employers who have received approval to provide paid leave benefits through private plans.

Conn. Gen. Stat. §31-49h(b)(11)(G) states that the Authority shall establish policies and procedures related to "determining whether an employer meets the requirements for the administration of a private plan, *including the approval, oversight and termination of such private plan.*" Further, Conn. Gen. Stat. §31-49o(b) provides that the approval of the private plan "may be withdrawn, when terms or conditions of the plan have been violated" such as:–

- (1) ~~(1)~~ Failure to pay benefits; ~~(2)~~
- (2) ~~f~~ Failure to pay benefits timely and in a manner consistent with the public plan;
- (3) ~~(3)~~ ~~f~~ Failure to maintain an adequate security deposit as described in subdivision (2) of subsection (a) of ~~this section~~ §31-49o; ~~(4)~~
- (4) ~~m~~ Misuse of private plan funds; ~~(5)~~ ~~f~~
- (5) Failure to submit reports as required; or ~~(6)~~ ~~f~~
- (6) Failure to comply with §§ 31-49e to 31-49t, inclusive.–

The employer is responsible for compliance with the CTPL-CT Paid Leave private plan statutes and policies, including any audits, even if they designate an insurer or third-party administrator (TPA) to provide documents. Cooperation with potential audits is required as a condition of approval and maintenance of a private plan, per Conn. Gen. Stat. §31-49o(a)(1)(H).

In order to meet our statutory obligation to provide oversight ~~to of~~ private plans and ensure that the terms and conditions of such plans are met, the Authority has established the Audit process reflected in this guide. This process is established in accordance with Section VII of the Private Plan Policies & Procedures.

Each audit will focus on one or more of four topics regarding the private plan: the application process, contributions, financial solvency, and claims. Nothing shall

prevent the Authority from auditing more than one topic at a time. ~~Each~~The audit topic is described in more detail in Section 2.

At the culmination of each audit, the Authority will issue a report stating whether the plan met or did not meet each of the requirements listed in the applicable audit topic checklist or checklists. The ~~Authority may conclude that a requirement was not met if it determines that any of the following circumstances exist~~conclusions may include, but are not limited to:

- Systemic issues: There is a systemic or structural issue that resulted in or will result in errors
- Lack of sufficient safeguards: There is a lack of internal controls that undermines the reliability of the process and may result in errors
- Deviation from the process: There is evidence of one or more errors despite the existence of an appropriate process or policy and internal controls.

The report process is described in more detail in Section 3.

Per Section VII of the Private Plan Policies & Procedures, it is the responsibility of each private plan employer to maintain accurate and complete records relating to the private plan and to make all such records available for audit and inspection by the Authority as requested. The Authority will attempt to work with employers and insurers/TPA's to request documentation in a manner that avoids unnecessary disruption or inconvenience, whenever possible. Nevertheless, employers have an affirmative duty to establish that all legal requirements related to the operation of their private plans are met. Lack of documentation for a requirement may result in a conclusion by the Authority that the requirement is not met.

If there are any questions about the audit process, please contact the CT Paid Leave Audit team, identified in ~~Section 2~~the Appendix.

Section 2 - Overview & Checklists

- {Kickoff Meeting ~~Agenda~~Overview
 - Establish timeframes for each step in the process
 - Establishing responsibilities of each party
 - Describe requirements of the audit}
- Audit Topics
 - {Application
 - Contributions
 - Financial Solvency
 - Claims}

Kickoff Meeting ~~Agenda~~ Overview

The Kickoff meeting provides the opportunity to level-set the audit process for all participants. The goal is to ensure that all parties are aware of the topic, scope, and requirements of the audit. It also provides the opportunity to ask any preliminary questions related to the process, including any ~~constraints about the provisions related to the data being provided~~ issues related to the participation in this audit. If responsibility for the private plan is shared among multiple individuals or organizations, the ~~e-Kickoff~~ meeting provides the opportunity to establish which party will address each portion of the audit.

During the ~~e-Kickoff~~ meeting, the expected timeframes may be adjusted as necessary to account for parties' work schedules, holidays, vacations, company shutdowns or other factors, including the size of the employer and the scope of the audit(s).

- {Define the scope of the audit
 - Audit Category(s): [At least one of the following: Applications, Contributions, Financial Solvency, Claims]
 - Date range of items to be audited: ~~[Date Range]~~ Refer to Appendix
 - List of documents that will be requested
- {Process
 - Describe the responsibilities of each party ~~*see next page...~~
 - Review the checklist ~~(s) of materials needed~~ [Pages of checklist (review pages)]
 - Explain the document transfer system that will be used to provide ~~necessary~~ documentation}

• {Establish Expected Deadlines for:

<u>Authority sends out initial questionnaire:</u>	<u>Approx. day of Kickoff Meeting</u>
<u>Authority sends out survey to employer:</u> <u>{{(Application Audit Only)}}</u>	<u>Approx. day of Kickoff Meeting</u>
<u>Employer to provide the survey to employees by:</u> <u>{{(Application Audit Only)}}</u>	<u>Approx. 1 week following Kickoff Meeting</u>
<u>Claims Process Meeting Scheduled with carrier/TPA:</u> <u>{{(Claims Audit Only)}}</u>	<u>Approx. 2 weeks after initial questionnaire sent</u>
<u>Employer to response to initial questionnaire:</u>	<u>Approx. 2 weeks after questionnaire sent</u>

<u>Employees to respond to survey:</u> <u>{{(Application Audit Only)}}</u>	<u>Approx. 2 weeks after survey is issued</u>
<u>Second Document Request to be issued by</u> <u>Authority, requesting specific claim files:</u> <u>{{(Claims Audit Only)}}</u>	<u>Approx. 1 week after doc rec'd</u>
<u>Employer to provide claim files or other</u> <u>follow-up documentation for Second</u> <u>Document Request:</u> <u>{{(Claims Audit Only)}}</u>	<u>Approx. 2 weeks after request</u>
<u>Authority to send additional questionnaire</u> <u>or request meeting/interview(s), if</u> <u>necessary:</u>	<u>Approx. 2 weeks after doc rec'd</u>
<u>Employer to respond to additional</u> <u>questionnaire, or schedule interview, if</u> <u>requested:</u>	<u>Approx. 2 weeks after questions/request</u>
<u>Authority to review documentation</u> <u>provided:</u>	<u>Approx. 2 weeks after doc rec'd</u>
<u>Authority to notify employer of completion</u> <u>of review period:</u>	<u>Approx. end of previous review period</u>
<u>Authority to issue draft report:</u>	<u>Approx. 3 weeks after review period</u>
<u>Employer to respond to draft report:</u>	<u>Approx. 2 weeks after draft report meeting</u>
<u>Authority to issue final report:</u>	<u>Approx. 2 weeks after employer response}</u>

- - ~~Employer to ask questions: [Date Range ending approx. 2 weeks following kickoff meeting]~~
 - ~~Employer to provide documentation: [Date Range approx. 2 weeks after questions]~~
 - ~~Employer to provide claim files or other follow-up documentation, if needed: [Date approx. 2 weeks after request]~~
 - ~~Authority to ask follow-up questions or request meeting/interview(s), if necessary [Date Range ending approx. 2 weeks after doc rec'd]~~
 - ~~Employer to respond to questions, or schedule interview, if requested: [Date Range ending approx. 2 weeks of questions/request]~~
 - ~~Authority to issue draft report: [Date approx. 3 weeks after employer response]~~
 - ~~Employer to respond to draft report: [Date Range ending approx. 2 weeks after draft report]~~
 - ~~Authority to issue final report: [Date approx. 2 weeks after employer response]}~~

The deadlines ~~and documents/data~~ specific to this audit ~~are summarized~~ can be found in the Appendix.

~~Establishing responsibilities of each party~~

~~Employer:-~~

~~While the employer is ultimately responsible for the plan and compliance with the audit process, it may delegate certain elements to the insurer or TPA as necessary.~~

~~Employer responsibilities include:~~

- ~~• {Provide documents and data in a timely manner}~~
- ~~• Keep adequate records of plan and paid leave claims~~
- ~~• Correct and resolve any issues found}~~

~~Contacts:~~

~~Employer's Primary Point of Contact~~

~~Name: []~~

~~Email: []~~

~~Phone: []~~

~~{Employer's Secondary Point of Contact~~

~~Name: []~~

~~Email: []~~

~~Phone: []~~

~~{Insurer/TPA Contact~~

~~Name: []~~

~~Email: []~~

~~Phone: []~~

~~Authority Responsibilities include:~~

- ~~• {Review requested documents and data~~
- ~~• Answer audit related questions from employer—~~
- ~~• Draft audit report}~~

~~Contacts:~~

~~{Name: Erin Choquette~~

~~Email: Erin.Choquette@ct.gov}~~

~~{Name: Michael Cisar~~

~~Email: Michael.Cisar@ct.gov}~~

~~{Name: Amber Forrest~~

~~Email: Amber.Forrest@ct.gov~~

~~Phone: 860-558-6691}~~

Application Checklist

The Employer is required to provide the following documents:

- {Proof of vote regarding private plan:
 - Copy of message/method used for voting, for example:
 - Anonymous Paper Ballot
 - Anonymous Online Survey
 - Other
 - ~~Proof audit survey was provided to employees (see template below)~~ Proof of voting results, including proof that the votes were anonymous
- ~~Current plan document/policy providing private plan coverage, including all riders and/or amendments~~
- Communication(s) sent before or during the vote, to employees regarding the private plan application and vote, for example:
 - Emails
 - Posters
 - Reminders
 - Other
- Proof that audit survey was provided to employees (see template below)
- Current plan document/policy providing private plan coverage, including all riders and/or amendments
- Proof that final policy or plan documents have been made available to employees
- Annual notice required by Conn. Gen. Stat. §31-49g

The Survey

The Authority will provide a link to an online survey, with questions related to the application process for the private plan. The employer must provide that link to all Connecticut employees, using the messaging approved by the Authority. In the alternative, if the employer demonstrates that the online survey is not feasible, the employer and the Authority will mutually agree on alternative methods for distribution of the survey. The Authority reserves the right to request contact information for the Connecticut employees, so that it may communicate directly with employees if there is no feasible way to distribute the survey.

During the Kickoff Meeting, the deadlines for and methods of distributing the survey should be established:

- Employer to provide the survey to employees ~~by: [Date approx. 1 week following Kickoff]~~ approximately 1 week following Kickoff Meeting
- Employees have two weeks to complete survey: ~~[Date Range ending approx. 2 weeks after sent]~~

Survey Message Template

{We have been asked to provide this survey as part of a review by the CT Paid Leave Authority, ~~who~~ which is conducting a routine audit relating to our private plan. The Authority has asked this survey to be completed by all Connecticut employees by [two weeks after the survey is sent to employees~~DATE~~].

Survey Link Here: [Use provided link]

[Optional - Employer can provide link to Private Plan documents for Reference: "For more information regarding this our private plan please visit _____"]}

Survey Questions {

~~1. Who is your employer?~~

~~1. When at date did you start working for the employer were you hired by the company?~~

~~2. Date~~

~~2. Did you receive a written explanation summarizing your employer's proposed plan (usually referred to as a "Plain Language Guide")?~~

~~• Yes~~

~~• No~~

~~3. I do not recall~~

~~3. Were you asked given the opportunity to vote on the private plan?~~

~~• Yes~~

~~• No~~

~~• I do not recall~~

~~4. I was not employed here at the time of the vote~~

~~4. What was the method used for voting?~~

~~• Anonymous paper ballot~~

~~• Anonymous online survey~~

~~• I do not recall~~

~~• I was not employed here at the time of the vote~~

~~5. Other (if other describe) I do not recall I was not employed here at the time of the vote~~

~~5. Did any supervisor or manager indicate that they wanted you Were you pressured to vote for a particular way or tell you what to vote outcome by a manager or supervisor?~~

~~• Yes~~

~~• No~~

~~• I do not recall~~

~~6. I was not employed here at the time of the vote~~

~~6. Were you provided with, or do you have access to, the final plan or policy document which describes the CT Paid Leave coverage?~~

~~• Yes~~

- No
- I do not know

7. Do you know how to apply or whom to contact if you have questions about how to apply for benefits?

- ~~-Yes-~~
- 7. No

If you are not comfortable answering any of these questions and would like to speak to someone, please contact the Connecticut Paid Leave Authority at ~~—{[email address to contact]}—~~.

The Authority may also consult:

- {Documents uploaded as part of the application process, including the plain language guide and the plan document/policy/policy face page}
- Connecticut Insurance Department filing records}

Application Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
Documentation	Plan failed to provide all of the requested documents, thereby impeding the efficacy of the audit	Compare list of documents requested to list of documents produced. Provision of an agreed-upon alternative to the original documentation request shall not constitute a violation of this requirement.	<u>⊖[Yes/No/NA]</u>
	<u>Plan has not retained copies of the necessary documentation</u>	<u>Review documents provided to ensure that necessary documentation of the vote was saved by the private plan.</u>	<u>[Yes/No/NA]</u>
Changes in Law or Policy	Plan not updated to reflect changes in the law or Authority policies	Review copy of plan document/policy, including any riders or amendments against all current relevant statutes, filing guidance and policies. Documents should be updated at least annually to comply with changes in law or policy.	<u>[Yes/No/NA]⊖</u>
<u>Contacts</u>	<u>Employer failed to update contacts within the CT Paid Leave employer portal</u>	<u>When the Authority notified the Employer of the audit, was the Authority able to get in contact with the listed registered contacts. Check whether there were contacts registered that were no longer affiliated with the Employer. The Employer must update their registered contacts in a timely manner as stipulated in the policies and procedures for Private Plans (45 days from date of change).</u>	<u>[Yes/No/NA]</u>
<u>Annual Notice</u>	<u>Failure to provide or display annual notice to employees</u>	<u>Review annual notice document and/or proof of its placement in the workplace, required by Conn. Gen. Stat. §31-49q.</u>	<u>[Yes/No/NA]</u>
<u>Final Insurance or Plan Document</u>	<u>Failure to provide finalized insurance document to employees within 90 days of effective date of Private Plan exemption period (e.g. Policy Document, Certificate of Coverage, Self Insured plan Document, etc.)</u>	<u>Review that the finalized insurance document has the same provisions that were detailed in the Plain Language Guide that the employees reviewed at the time of the vote. The document needs to be provided to the employees within 90 days of the effective date of the Private Plan exemption period and needs to be uploaded to the employer portal within 120 days.</u>	<u>[Yes/No/NA]</u>
Plan Changes or Modifications	Material Changes made without a new application	Compare the original plain language guide and policy material to the plan document provided by private plan. Changes are allowed only in order to comply with changes in law or policy, or if changes are not material. The following is a non-exclusive list of changes that are considered material: • Changes to the plan design related to benefit amounts or durations • Changes to the insurance carrier or claims administrator • Changes to the class of covered employees, including eligibility rules and waiting period for coverage • Changes to the rate of contribution for the employee • Changes to the method of determination of the 12-month benefit period	<u>[Yes/No/NA]⊖</u>

Application Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
<u>Plan Changes or Modifications (cont'd)</u>		- Changes in how accruals (paid time off, sick bank, etc.) are utilized The following changes are not considered to be material: - Cosmetic changes to the plan, for example logos, fonts, branding - Changes to the legal name or legal address of the employer, assuming no changes to the actual ownership of the employer - Changes to the contact information or method for filing claims - Changes that are the result of changes in an employee's status - Changes to correct grammatical or typographical errors. <u>If there were material changes (as defined above), and a new application was submitted, confirm that there was a new vote of employees.</u>	
<u>Employee Audit Survey</u>	<u>Employer failed to cooperate with audit process by failing to send audit survey to employees.</u>	<u>Employer will be required to provide proof that they provided survey to employees.</u>	<u>[Yes/No/NA]</u>
Plan Vote	<u>Vote not held prior to private plan application</u> <u>Employer failed to cooperate with audit process by failing to send audit survey to employees.</u>	<u>Confirm via survey that vote occurred. If the survey is inconclusive, the Authority can identify other forms of proof which it will accept.</u> <u>Employer will be required to provide proof that they provided survey to employees.</u>	<u>[Yes/No/NA]±</u>
	The vote did not meet the majority requirements	Review proof of vote provided. <u>Ensure that vote was not combined with other entities.</u>	<u>[Yes/No/NA]±</u>
	All eligible employees were not allowed to vote	Confirm via survey that employees allowed to vote	<u>[Yes/No/NA]±</u>
	The plan information was not provided in advance of the vote	Confirm via documents provided that at least two weeks in advance of the vote all employees were provided with the plan documents and voting instructions.	<u>[Yes/No/NA]±</u>
	The voting question was not presented as required	Review proof of vote to verify that the vote consisted of the following question only: "Do you approve the company's private plan to provide benefits required by the CT Paid Family and Medical Leave Insurance Act? Yes or No."	<u>[Yes/No/NA]±</u>
	The voting process did not allow for anonymity	Review proof of vote and employee survey to verify that the vote was conducted anonymously unless permission to do otherwise was granted.	<u>[Yes/No/NA]±</u>

Application Checklist

<u>Topic</u>	<u>Potential Violation/Risk</u>	<u>Process</u>	<u>Requirement Met?</u>
Plan Vote (cont'd)	<u>Misleading materials were used during the vote process</u>	<u>Review material provided prior to the vote and ensure that they were accurate regarding the private plan and public program.</u>	<u>[Yes/No/NA]</u>
	Coercion used during vote process	Confirm via survey that employees not coerced by employer.	<u>[Yes/No/NA]</u> ⊕

~~Notes~~

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Contributions Checklist

~~During the Kickoff Meeting, determine whether employees are required to contribute. (Check box)~~

☐ No contributions are required from employees.

~~If no contributions are required from employees, t~~The employer is required to provide:

- ~~{Current policy or plan document providing private plan coverage~~
- ~~Annual notice required by Conn. Gen. Stat. §31-49q~~
- ~~Proof that final policy or plan documents have been made available to employees~~
- Statement of employee benefits or other documentation provided to employees stating that the employer does not deduct contributions from employees
- ~~If determined by the Authority to be necessary:~~
 - ~~Samples of Paystubs from employees showing lack of deductions – [date range and sample size to be determined at Kickoff Meeting]~~
 - ~~If contributions were withheld during the private plan coverage period, proof that those contributions were refunded to employees~~
 - ~~Samples of Paystubs from employees showing lack of deductions – [date range and sample size to be determined at Kickoff Meeting]~~
- ~~Annual notice required by Conn. Gen. Stat. §31-49q}~~

☐ Contributions are required from employees. ~~Percentage: [_____]~~

~~If contributions are required from employees, t~~The employer is required to provide the following documents for the audit period ~~[Date Range]~~(Please see Appendix for the audit period):

- ~~{Current policy or plan document providing private plan coverage~~
- ~~Annual notice required by Conn. Gen. Stat. §31-49q~~
- ~~Proof that final policy or plan documents have been made available to employees~~
- ~~Financial Statements documenting~~Documentation of the amount of contributions withheld from employees ~~deduction and disposition of contributions:~~
 - ~~Billing Statements/Invoices related to TPA/Insurance Carrier~~
 - ~~Documentation evidencing protocols for ensuring that contributions are used only for approved plan-related purposes~~
 - Samples of Paystubs from employees showing deductions – [date range and sample size to be determined at Kickoff Meeting, preference for last paycheck of the year, including some employees who are above the Social Security contribution and benefit base and some who are under that threshold]
 - A payroll summary report [date range to be determined at Kickoff Meeting, preferably for the calendar year]
 - Documentation of protocols in place to ensure the correct contributions are deducted from employees, including but not limited to protocols for ensuring that the

contributions are based on employees' FICA wages and that contributions cease when employees' earnings exceed the Social Security contribution base

- If refunds are owed to employees, proof that such employees were reimbursed

- Documentation of the use of contributions (Financial Statements documenting the disposition of contribution funds):

- Rate that TPA/Insurance carrier charges
- Billing Statements/Invoices related to TPA/Insurance Carrier
- Documentation evidencing protocols for ensuring that contributions are only used for approved plan-related purposes
- Other documentation substantiating use of contributions for plan overhead/expenses}

- ~~Other documentation substantiating use of contributions for plan overhead/expenses~~

- ~~Documentation of protocols in place to ensure the correct contributions are deducted from employees, including but not limited to protocols for ensuring that the contributions are based on employees' FICA wages and that contributions cease when employees' earnings exceed the Social Security contribution base~~
- ~~Annual notice required by Conn. Gen. Stat. §31-49g}~~

The Authority may also consult:

- {Documents uploaded as part of the application process, including the plain language guide and the plan document/policy/policy face page
- Connecticut Insurance Department filing records
- Private Plan Annual Reports
- Consolidated Policies document}

Contributions Checklist

<u>Topic</u>	<u>Potential Violation/Risk</u>	<u>Process</u>	<u>Requirement Met?</u>
Documentation	Plan failed to provide all of the requested documents, thereby impeding the efficacy of the audit	Compare list of documents requested to list of documents produced. Provision of an agreed-upon alternative to the original documentation request shall not constitute a violation of this requirement.	[Yes/No/NA] ⊕
	Plan has not retained copies of the necessary documentation	Review documents provided to ensure that necessary documentation of the vote was saved by the private plan.	[Yes/No/NA]
<u>Contacts</u>	Employer failed to update contacts within the CT Paid Leave employer portal	When the Authority notified the Employer of the audit, was the Authority able to get in contact with the listed registered contacts. Check whether there were contacts registered that were no longer affiliated with the Employer. The Employer must update their registered contacts in a timely manner as stipulated in the policies and procedures for Private Plans (45 days from date of change).	[Yes/No/NA]
<u>Annual Notice</u>	Failure to provide or display annual notice to employees	Review annual notice document and/or proof of its placement in the workplace, required by Conn. Gen. Stat. §31-49q.	[Yes/No/NA]
<u>Final Insurance or Plan Document</u>	Failure to provide finalized insurance document to employees (e.g. Policy Document, Certificate of Coverage, Self Insured plan Document, etc.)	Review that the finalized insurance document and proof that it was provided or made available to employees.	[Yes/No/NA]
Use of Funds withheld from Employees' pay	Plan funds are not being used for approved expenditures	Review a selection of withdrawals from the plan fund balance and obtain supporting documentation (invoices, request forms, etc.) to validate expenses were utilized for one or more of the acceptable reasons: 1. Compensation paid to employees for approved leaves; 2. Premium payments for insurance coverage for the private plan; 3. Fees paid to a third-party administrator for the administration of the private plan; 4. Wages and employment benefits for employees of the employer whose responsibilities include managing and administering the private plan – such expenses should be in proportion to the amount of time that they are managing or administering to the private plan; 5. Bank fees related to an account which holds funds for the payment of Paid Leave Compensation; 6. Fees associated with a surety bond acquired to meet the requirements of a self-insured private plan; 7. System or IT costs, to the extent that the system is used to administer the private plan; and 8. Marketing or communication expenses related to informing employees about the private plan. Any costs not in one of the above categories will need to be specifically reviewed and justified as acceptable expense.	[Yes/No/NA] ⊕

Contributions Checklist

<u>Topic</u>	<u>Potential Violation/Risk</u>	<u>Process</u>	<u>Requirement Met?</u>
Use of Funds withheld from Employees' pay (cont'd)		At a minimum the audit must validate the following. If plan is insured, confirm total amount of contributions received during audit period. Ask for proof that such funds were used to pay insurance premiums. If insurance premiums are less than amount collected, determine what happened to such funds that were not provided to carrier. If they used it for staffing related to administration of the plan, request evidence that allocation of funds were justified. If plan is self-insured, but uses a TPA, confirm total amount of contributions received during audit period. Ask for proof of which payments were made to the TPA. Track all withdrawals from contribution fund, to ensure they were spent on valid purposes. If they used some contributions for staffing related to administration of the plan, request evidence that allocation of funds were justified. If plan is self-insured and does not use a TPA, confirm total amount of contributions received during audit period. Track all withdrawals from contribution fund, to ensure they were spent on valid purposes. If they used some contributions for staffing related to administration of the plan, request evidence that allocation of funds were justified.	
	Costs charged to the plan fund are not reasonable	For any non-claim payment expenses, review for reasonableness of expenses (invoices/allocation methodology/etc.). Justification must be provided by plan for cost of the expense.	[Yes/No/NA] ⊞
Contributions	The plan is requiring contribution in excess of those allowable	Review the sample of pay stubs <u>and payroll summary report</u> provided. Confirm whether amount contributed exceeds 0.5% for each paycheck <u>(or the contribution rate that employees voted on, if lower)</u> , and that the total amount for the year does not exceed 0.5% of the Social Security contribution and benefit base limit during the year.	[Yes/No/NA] ⊞
Plan Funds	Plan funds are comingled with other funds	Review documentation evidencing protocols for ensuring that contributions are used only for approved reasons. If protocols are insufficient, review billing statements, invoices related to TPA/Insurance Carrier, bank account records demonstrating segregation of contribution funds, from collection through payment of approved expenses. <u>Confirm that funds are being tracked by the plan.</u>	[Yes/No/NA] ⊞
Notification of Contribution Type	Employees are unaware of whether contributions are required	Review the plan document and annual notice, along with other communications to employees. Confirm that the materials accurately reflect whether contributions are required for employees.	[Yes/No/NA] ⊞

~~Notes~~

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Financial Solvency Checklist

~~During the Kickoff Meeting, identify which type of coverage provided (check box)~~

☐ The employer is required to provide the following documents **(if insured)**:

- {Current policy document providing private plan coverage
- Proof that final policy or plan documents have been made available to employees
- Annual notice required by Conn. Gen. Stat. §31-49q}

☐ The employer is required to provide the following documents **(if self-funded)**:

- {Current plan document providing private plan coverage
- Proof that final policy or plan documents have been made available to employees
- Annual notice required by Conn. Gen. Stat. §31-49q
- Surety Bond in force during the audit review period
- Actuarial analysis or other documentation explaining the amount identified as needed to cover exposure
 - Explanation of the calculation of the funds set aside for claims
 - Explanation of the assumptions used to determine the expected claim exposure
 - Safeguards taken to ensure funds are available
 - May include Investment Policy with regard to the funds set aside for claims
- Total aggregate salary volume for all current covered employees
 - Annual Payroll report
- Financial statements (audited if available)
 - Trial Balance or Balance Statements Sheet
 - Tax Returns
 - Schedule C of the 1040; or
 - Profit & Loss Statement
 - Shareholder financial reports}

The Authority may also consult:

- {Documents uploaded as part of the application process, including the Surety Bond, the plain language guide, and the plan document/policy/policy face page
- Connecticut Insurance Department filing records
- Private Plan Annual Reports
- Contribution history to the Authority during period when private plan was not effective (if any)}

Financial Solvency Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
Documentation	Plan failed to provide all of the requested documents, thereby impeding the efficacy of the audit	Compare list of documents requested to list of documents produced. Provision of an agreed-upon alternative to the original documentation request shall not constitute a violation of this requirement.	<u>[Yes/No/NA]</u>
<u>Contacts</u>	<u>Employer failed to update contacts within the CT Paid Leave employer portal</u>	<u>When the Authority notified the Employer of the audit, was the Authority able to get in contact with the listed registered contacts. Check whether there were contacts registered that were no longer affiliated with the Employer. The Employer must update their registered contacts in a timely manner as stipulated in the policies and procedures for Private Plans (45 days from date of change).</u>	<u>[Yes/No/NA]</u>
<u>Annual Notice</u>	<u>Failure to provide or display annual notice to employees</u>	<u>Review annual notice document and/or proof of its placement in the workplace, required by Conn. Gen. Stat. §31-49q.</u>	<u>[Yes/No/NA]</u>
<u>Final Insurance or Plan Document</u>	<u>Failure to provide finalized insurance document to employees (e.g. Policy Document, Certificate of Coverage, Self Insured plan Document, etc.)</u>	<u>Review that the finalized insurance document and proof that it was provided or made available to employees.</u>	<u>[Yes/No/NA]</u>
Solvency (fully insured plans)	Not covered by an approved insurance company	Confirm via the policy document that insurer is one of the approved insurance carriers.	<u>[Yes/No/NA]</u>
Solvency (self-funded plans)	The surety bond is not held or sufficient to cover required costs	Compare amount of surety bond to the total wages of covered employees. Surety bond should reflect 0.5% of covered employees annual wages, excluding wages over the Social Security contribution and benefit base. Some deviation is allowable, due to causes such as employee turnover, raises, etc.	<u>[Yes/No/NA]</u>
	The employer is not financial solvent and could have trouble maintaining the plan	Confirm amount set aside for paid leave benefits. Request explanation and justification from private plan as to how that amount was determined.	<u>[Yes/No/NA]</u>

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Claims Audit Checklist

The employer is required to provide the following documents:

- {Current policy or plan document providing private plan coverage, including all riders, amendments, etc.
- Proof that final policy or plan documents have been made available to employees
- Copies of any instructions for filing a claim and all claim forms (e.g., application form, medical certificate, statement of family relationship, reconsideration request)
- Copies of any templates or other standard correspondence to claimants (e.g., acknowledgement of claim, approval letters, denial letters, notices of incomplete documentation, reconsideration decisions)
 - If no templates or other standard communications exist, an explanation of how the information is communicated to claimants
- Copies of any general notices, including the written notice required under §31-49q and evidence of distribution (e.g. copy of sent email, picture of notice posted at workplace)
- Report of all claims processed within the audit target period, with the following information provided for each claim listed:
 - Reason for Leave
 - Date the claim was received
 - Date of the decision
 - Type of Leave: Block, Intermittent, Reduced Schedule
 - Claim Status: Approved, Denied, Pending, Other
 - If approved: Total amount of benefits paid
 - If denied: Reason for denial}

{

Claim Number / Unique Identifier	Date of Request	Date of Decision	Reason For Leave	Type of Leave	Claim Status	Total Amount Paid (if approved)	Reason for Denial (if denied)
(e.g. CTPL-00001)	(e.g. 1/5/24)	(e.g. 2/4/24)	(e.g. Care of Family Member with a Serious Health Condition)	(e.g. intermittent)	(e.g. denied)		(e.g. Serious Health Condition not Certified)
(e.g. CTPL-00002)	(e.g. 5/20/24)	(e.g. 6/6/24)	(e.g. Bonding with a Newborn)	(e.g. block leave)	(e.g. approved)	(e.g. \$4,400)	

}

After the report is provided, the Authority will select the claims for which it would like to receive the full claim file. Each individual claim file should include, at a minimum, the following information:

- {Date claim was received
- All communication between the plan and the claimant (e.g. intake communication, acknowledgment letters, reminders, emails, approval/denials/pending status letters and/or other communication)
- All documentation that was provided to support the claim
- Dates decision made to approve/deny claim
- Date and amount of every claim payment

- Reason for Leave
- Reason for denial
 - Denial Letter – must include the option to reconsider
 - Decision for Reconsideration Letter (if applies)
- Explanation of how eligibility is determined and the benefit amount (if applicable) is calculated:
 - Current earnings while on leave, include accruals (PTO/Sick/ STD)
 - Prior earnings (including but not limited to the identification of all of the quarters in the Base Period)
 - Earnings immediately preceding leave
 - Confirmation that claimant is not already receiving benefits from other source of income replacement programs (Unemployment, Worker’s Compensation.)
 - Any other income received that impacted the amount of paid leave benefit
- Utilization of Paid Leave Entitlement (if approved)
 - Calculation of employees work week for purposes of decrementing the benefit entitlement
 - Calculation of entitlement usage
 - Controls to ensure compliance with statutes relating to leave-specific durations (if applicable):
 - Incapacitation during pregnancy
 - ~~Family Violence~~Safe Leave

The Authority may request copies of the following:

- {All claim notes and other non-privileged internal communications relating to the claim
- Any documentation relating to deviations between the process followed and the plan document or policy document
- Any other documents necessary to validate the claims were properly processed}

Where documentation does not exist or is insufficient, the Authority may require the employer or insurer/TPA to identify knowledgeable individuals whom the Authority can interview in order to verify information and the background regarding the claim decision.

The Authority may also consult:

- {Documents uploaded as part of the application process, including the plain language guide and the plan document/policy/policy face page
- Connecticut Insurance Department filing records
- Private Plan Annual Reports
- Consolidated Policies document}

Claims Audit Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
Documentation	Plan failed to provide all of the requested documents, thereby impeding the efficacy of the audit	Compare list of documents requested to list of documents produced. Provision of an agreed-upon alternative to the original documentation request shall not constitute a violation of this requirement.	[Yes/No/NA] Ⓜ
	Plan has not retained copies of the necessary documentation	Review documents provided to ensure that necessary documentation of the vote was saved by the private plan.	[Yes/No/NA]
Changes in Law or Policy	Plan not updated to reflect changes in the law or Authority policies	Review copy of plan document/policy against all current relevant statutes, filing guidance and policies. Documents should be updated at least annually to comply with changes in law or policy.	[Yes/No/NA] Ⓜ
	Claim process does not match the plan or policy documentation that employees voted on and/or the minimum requirements of the law.	Review the plan document/policy, as well as other documents and claims, in order to ensure that the claims process reflects the documentation provided.	[Yes/No/NA]
Contacts	Employer failed to update contacts within the CT Paid Leave employer portal	When the Authority notified the Employer of the audit, was the Authority able to get in contact with the listed registered contacts. Check whether there were contacts registered that were no longer affiliated with the Employer. The Employer must update their registered contacts in a timely manner as stipulated in the policies and procedures for Private Plans (45 days from date of change).	[Yes/No/NA]
Annual Notice	Failure to provide or display annual notice to employees	Review annual notice document and/or proof of its placement in the workplace, required by Conn. Gen. Stat. §31-49q.	[Yes/No/NA]
Final Insurance or Plan Document	Failure to provide finalized insurance document to employees (e.g. Policy Document, Certificate of Coverage, Self Insured plan Document, etc.)	Review that the finalized insurance document and proof that it was provided or made available to employees.	[Yes/No/NA]
Benefit Payments	The plan does not start benefit payments timely	From the sample of approved claims, confirm the length of time between when approval was provided, and when the first payment was made. 15 days or less is acceptable window.	[Yes/No/NA] Ⓜ
	The plan is not making payments timely or as prescribed	From the sample of approved claims, confirm the dates of payments. Retroactive payments should be in lump sum. All other payments should be made on a weekly or bi-weekly basis.	[Yes/No/NA] Ⓜ
	The plan is paying in excess of the allowable duration	From sample of approved claims, check the total number of weeks for which each employee received benefits. If any portion of leaves were less than one week, only count the portion of the week for which benefits were received. Allocate that time to the specific 12-month period used in the policy document.	

Claims Audit Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
Benefit Payments (cont'd)		<u>Compare that result with the maximum allowable duration:</u> <u>1. If claim exceeds 12 weeks in a year, confirm whether claim related to pregnancy. if related to pregnancy, confirm that total time did not exceed 14 weeks and that at least 2 weeks were during the pregnancy. If not pregnancy, then 12 weeks is maximum.</u> <u>2. If claim relates to safe leave, confirm that duration did not exceed 12 days for the leave</u>	
	The plan is not paying benefits accurately	If amount exceeds the statutory amount, that alone is not a violation. However, the amount paid should match the formula in the policy document. Review policy document to determine how wages are determined and how benefits are calculated. Perform calculation using wages as defined in the policy, but with the state minimum benefit formula, including any reductions for other income or pro-rating based on partial leave. Compare that result to the actual amount paid. Violation if result of calculation is higher than the actual paid amount. Perform calculation based on formula in policy document (if different from state version). Compare result with actual amount paid. Violation if result is different between calculation and actual paid amount. <u>If the employer requires or allows the employee to use employer-provided accruals to supplement the income replacement benefits provided under this plan:</u> <u>1. The combined total of income replacement benefits and employer-provided accruals cannot exceed 100% of the employee's wages.</u> <u>2. Employees have the right to retain at least two weeks of their employer-provided accruals instead of using them during your leave</u> <u>Perform calculation on selected claims sample, if other employer-provided benefits are paid, ensure that no individual receives greater than 100% of regular wages.</u> <u>Review policy document to determine if employees are required to use accruals, and how much is required to be used.</u> <u>Review sample of claims, and verify that if benefits were reduced, that reduction relates to one of the following:</u> <u>1. Total compensation received by the employee under the plan and other employer-provided employment benefits cannot exceed such employee's regular rate of compensation;</u> <u>—Employees may not receive benefits under the plan concurrently with Unemployment Insurance, Workers Compensation, or any other federal or state program that provides wage replacement.</u>	[Yes/No/NA]Ⓢ

Claims Audit Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
Denials	Claims are being improperly denied	From sample of denied claims, review the reason for denial. Confirm that it is a valid reason.	[Yes/No/NA]⊖
	The plan does not provide proper information for denial decisions	From sample of denied claims and from the templates/communications provided, review all communication of denial provided. <u>Ensure that the denial letter was sent to the claimant.</u> Ensure that it includes the five items. 1. The specific reason for the denial 2. The specific law or section of the policy or plan that caused the denial 3. What documentation was relied on for the denial 4. What documentation can be provided to reconsider the denial 5. The process and timeframes in order to request a reconsideration and appeals accurately reflects the claim decision, provides steps to seek reconsideration and steps to request an appeal.	[Yes/No/NA]⊖
	The plan does not provide proper documentation for reconsideration decisions	From sample of denied claims, review if any sought reconsideration. If yes, confirm communication of decision (if upheld) provided notice of right to appeal.	[Yes/No/NA]⊖
Benefit Application Process	The plan is not making timely decisions regarding claims. The plan does not accurately determine a claimant's eligibility for coverage	From sample of claims (both approved and denied), review the difference between the date the decision was communicated, and the date the last document was received. If request for paid leave was denied due to lack of complete application, confirm whether notice of missing documents provided within 5 days of receipt of last document. From sample of claims, review determination of eligibility. The plan should correctly determine whether the claimant is or is not eligible under the terms of the policy and the CT Paid Leave Act.	[Yes/No/NA]⊖
	<u>The plan is not making timely decisions regarding claims</u>	<u>From sample of claims (both approved and denied), review the difference between the date the decision was communicated, and the date the last document was received. If request for paid leave was denied due to lack of complete application, confirm whether notice of missing documents provided within 5 days of receipt of last document.</u>	[Yes/No/NA]
	The plan requires documentation beyond the allowable documentation required to process a claim	From sample of claims (both approved and denied) review communication regarding necessary documentation. Compare with allowable documentation by leave reason, found in Consolidated Policies document. If an employee submitted too much documentation, it is not necessarily a violation. But if private plan requested documentation that is not allowed, that would be. Review denied claims in sample to determine if any denials were due to documentation not being provided, and whether such documentation is a valid request.	[Yes/No/NA]⊖

Claims Audit Checklist

Topic	Potential Violation/Risk	Process	Requirement Met?
		Allowance for additional documentation requests should be made for plans that offer benefits greater than the minimum required by law as long as that plan design is reflected in the plan documents. Private plan should provide justification as to why such documentation is necessary to administer such benefits.	
Anti-Retaliation	Interfering with or retaliating against employees for filing a request for paid leave benefits.	Review policy document and <u>annual</u> notice document. Review evidence of how document and notice were posted/shared.	<u>[Yes/No/NA]</u> ⊖

~~Notes~~

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Section 3 – Report of Results

The Audit will result in the issuance of a draft report of ~~findings~~conclusions, followed by a final report. Before issuing the final report, the Authority will schedule a meeting to discuss the draft report.

Employers may respond to the draft report in order to address any issues, provide additional details, or make suggestions regarding a corrective action plan before the final report. The draft report meeting will include the deadline for responding (at least two weeks from the date of the meeting).

The Authority will consider the response from the employer when completing the final report.

The Draft and Final Reports will consist of:

- {An Executive Summary and detailed conclusions
- ~~Provides c~~Confirmation of documentation/material provided
- Indication of~~es~~ where documentation or response was insufficient, any violations, and/or penalties (as appropriate)
- ~~Identifies any conclusions~~
- ~~Proposes c~~Corrective action plan (as appropriate) that is necessary
- Consequences of failure to comply with corrective action}

~~Employers may respond to the draft report in order to address any issues, provide additional details, or make suggestions regarding a corrective action plan before the final report. The draft report will include the deadline for responding (at least two weeks from the date of the draft report).~~

~~The employer or the Authority may request a meeting to discuss the draft report.~~

Final Report

- ~~{Consists of an Executive Summary and detailed findings~~
- ~~Indicates any violations and/or penalties (as appropriate)~~
- ~~Addresses any corrective action that is necessary~~
- ~~Identifies consequences of failure to comply with corrective action plan}~~

If the Authority requires the private plan to demonstrate compliance with the identified corrective action, the report will specify appropriate deadlines.

Compliance with Corrective Action Plan

{The Authority will document ~~private plan~~the employer's compliance or lack thereof with the corrective action plan. Failure to comply with a corrective action plan may result in additional conclusions and/or penalties.}

Appendix

Scope

Audit Category:	{[At least one of the following: Applications, Contributions, Financial Solvency, Claims]}
{Date range of items to be audited:	[Date Range]}

Schedule/Deadlines {

<u>Notification of Audit:</u>	<u>[Date]</u>
<u>Kickoff Meeting:</u>	<u>[Date]</u>
<u>Authority sends out initial questionnaire:</u>	<u>[Date]</u>
<u>(If Application Audit) Authority sends out survey to employer:</u>	<u>[Date]</u>
<u>(If Application Audit) Employer to provide the survey to employees by:</u>	<u>[Date approx. 1 week following Kickoff]</u>
<u>(If Claims Audit) Claims Process Meeting scheduled with carrier/TPA:</u>	<u>[Date Range approx. 2 weeks after initial questionnaire sent]</u>
<u>Employer to respond to initial questionnaire:</u>	<u>[Date Range approx. 2 weeks after initial questionnaire sent]</u>
<u>(If Application Audit) Employees to respond to survey:</u>	<u>[Date Range ending approx. 2 weeks after survey is issued]</u>
<u>(If Claims Audit) Second document request to be issued by Authority, requesting specific claim files:</u>	<u>[Date approx. 1 week following initial questionnaire submission]</u>
<u>(If Claims Audit) Employer to provide claim files: {(If Application Audit) Employer to provide the survey to employees by:</u>	<u>[Date approx. 2 weeks after request][Date approx. 1 week following Kickoff]</u>
<u>Authority to send additional questionnaire, or schedule meeting, if needed: Employer to ask questions:</u>	<u>[Date Range ending approx. 2 weeks following kickoff meeting][Date range approx. 2 weeks after documentation received]</u>
<u>Employer to respond to additional questionnaire, or schedule meeting, if requested:</u>	<u>[Date range approx. 2 weeks after request received]</u>
<u>Authority to notify employer of the completion of the review period:</u>	<u>[Date]</u>
<u>Authority to schedule a draft report meeting:</u>	<u>[Date range approx. 3 weeks after completion of review period]</u>
<u>(If Application Audit) Employer to provide survey results:</u>	<u>[Date Range ending approx. 2 weeks after survey is issued]</u>
<u>Employer to provide documentation:</u>	<u>[Date Range approx. 2 weeks after questions]</u>

(If Claims Audit) Employer to provide claim files:	[Date approx. 2 weeks after request]
Employer to provide other follow-up documentation, if requested by the Authority:	[Date approx. 2 weeks after request]
Authority to ask follow-up questions or request meeting/interview(s), if necessary:	[Date Range ending approx. 2 weeks after doc rec'd]
Employer to respond to questions, or schedule interview, if requested:	[Date Range ending approx. 2 weeks of questions/request]
Authority to issue draft report:	[Date approx. 3 weeks after employer response]
Employer to respond to draft report:	[Date Range ending approx. 2 weeks after draft report]
Authority to issue final report:	[Date approx. 2 weeks after employer response]

Contacts

Employer/TPA/Carrier{{

Name: _____
Email: _____
Kickoff Meeting: ☐
Draft Report Meeting: ☐
Questionnaire: ☐

Name: _____
Email: _____
Kickoff Meeting: ☐
Draft Report Meeting: ☐
Questionnaire: ☐

Name: _____
Email: _____
Kickoff Meeting: ☐
Draft Report Meeting: ☐
Questionnaire: ☐

Name: _____
Email: _____
Kickoff Meeting: ☐
Draft Report Meeting: ☐
Questionnaire: ☐

}}

The Authority{{

Name: _____
Email: _____

Name: _____
Email: _____

}}

Please email {CTPL.Legal@ct.gov} if any extension of time is necessary.

{Summary of Data/Documentation to be produced on [DATE]}

Documentation/Data Requested:	To be Provided By:
{	{
}	}

}