



Modernizing ERISA Health Plan Communications: E-Delivery vs. Paper Mandates

The Issue:

Outdated federal policies – some of which were enacted before widespread internet access – force employers and health plans to print and deliver paper health care notices, needlessly wasting billions of sheets of paper each year and resulting in unnecessary harm to our environment, the climate, and public health.

The Environmental Paper Network's *Global Paper Vision* aims to reduce global paper consumption by encouraging high utility, low volume paper use.¹ We need to modernize these policies and shift to *default electronic delivery* (e-delivery), while retaining the right for consumers to receive paper communications. This move will not only reduce paper waste, but also generate significant environmental savings, supporting the federal government in achieving its climate goals and contributing to a clean, healthy, just, and sustainable future for generations to come.

Featured Policy:

The Employee Retirement Income Security Act (ERISA) regulates employer-sponsored health insurance and retirement plans. The law protects the participants of these plans by requiring plan administrators to send disclosures to covered individuals. The Department of Labor (DOL) administers ERISA, and currently mandates that health plan administrators send required disclosures via *paper delivery*, only allowing electronic delivery if the participant voluntarily opts-in after initial paper delivery.

Currently, DOL rules do not permit ERISA health plans to use default e-delivery for sending required disclosures. With around 141 million ERISA plan participants in the United States,² federal default paper delivery mandates necessitate as many as *11.4 billion sheets of paper* per year for ERISA health plan documents.³ This is just a portion of the many documents subject to federal default paper delivery rules.

Needed Reforms:

In 2020, the DOL issued a safe harbor rule that allowed default e-delivery for ERISA *retirement plan* disclosures; however, it did not extend the rule to ERISA *health plans*. The DOL should modernize this policy by issuing rulemaking to permit default e-delivery while still allowing participants to easily opt-out and receive paper disclosures – in alignment with the framework outlined in the 2020 pension plan e-delivery safe harbor rule.

Why It Makes Sense:

E-delivery is good for the environment. The most impactful way to reduce the environmental impacts associated with society's paper consumption is to reduce wasteful and unnecessary paper use. With this simple yet powerful reform, the DOL could eliminate the printing and mailing of billions of sheets of paper and the impacts that has on our natural resources and public health – all while ensuring that participants have streamlined access to plan disclosures in the way they prefer. An e-delivery safe harbor rule for ERISA health plans is an obvious and achievable step towards protecting the environment, reducing climate impacts, and contributing to a sustainable future for generations to come.

Consumers prefer and benefit from e-delivery. In a nationally representative survey, 94% of ERISA plan participants would favor a proposal to allow e-delivery for health plan disclosures.⁴

Today, 93% of adults in the U.S. use the internet,⁵ with nearly universal access among individuals who participate in an ERISA covered plan.⁶ E-delivery improves the functionality of disclosures by leveraging existing technology that consumers overwhelmingly prefer, which can lead to greater health literacy and equity, and also protects consumers by guaranteeing them secure, reliable, and streamlined access to their plan disclosures.⁷ E-delivery, *with the option to opt-out and receive paper delivery at no cost*, would ensure that all consumers are able to access their disclosures in the manner that is most useful to them, while providing a meaningful reduction of paper consumption and waste.

Estimated Environmental Impact:⁸

EPN calculated the estimated environmental impacts from the reduction in paper consumption of this policy change using the Paper Calculator life cycle tool. The Paper Calculator is a life cycle assessment tool that provides a comprehensive “cradle to grave” estimate of paper’s environmental impact – from sourcing to disposal. *Each year*, assuming 11.4 billion sheets printed annually, this policy change could reduce paper use that consumes resources equivalent to:⁹

- 205,000 tons of wood | equivalent to 1,230,000 trees per year
- 967,000,000 pounds of CO₂ | equivalent to 87,800 cars per year
- 1,400,000 million BTUs of energy | equivalent to 1,660,000 refrigerators operated per year
- 1,200,000,000 gallons of water | equivalent to 873,000 clothes washers operated per year
- 66,700,000 pounds of solid waste | equivalent to 15,200,000 people generating waste per day

Today, many companies and organizations are working to reduce their paper waste in order to reduce their footprint on the planet and are promoting opportunities for their employees to do the same, including by choosing to receive electronic communication methods over paper-based mail. Reducing our consumption and impact is often challenging, and existing regulations that stand in the way should be reevaluated and refreshed. Enabling default e-delivery for ERISA health plans represents a meaningful solution that advances shared interest in managing our planet’s natural resources sustainably and fairly – for generations of Americans to come.

References

¹ <https://environmentalpaper.org/epr-vision/vision/>

² U.S. Department of Labor Employee Benefits Security Administration. Fact Sheet: What Is ERISA. <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/what-is-erisa>

³ Paper estimate is based on internal data provided by a representative national employer and a large health insurance company offering nationwide, ERISA-covered health benefits plans, and extrapolated to the total number of ERISA users in the U.S. This paper estimate reflects all required ERISA disclosures sent by health insurance companies and employers in the U.S.

⁴ Morning Consult. 2022. “National Tracking Poll.” <https://www.eric.org/wp-content/uploads/2022/12/Morning-Consult-E-Delivery-Survey-Results.pdf>

⁵ Pew Research Center. Internet Broadband Fact Sheet. April 2021. <https://www.pewresearch.org/internet/fact-sheet/internet-broadband/>

⁶ EBSA. 2020. “Default Electronic Disclosure by Employee Pension Benefit Plans Under ERISA.” Federal Register. <https://www.federalregister.gov/documents/2020/05/27/2020-10951/default-electronic-disclosure-by-employee-pension-benefit-plans-under-erisa>

⁷ Biden, Joseph. 2023. “State of the Union.” <https://www.whitehouse.gov/state-of-the-union-2023/>

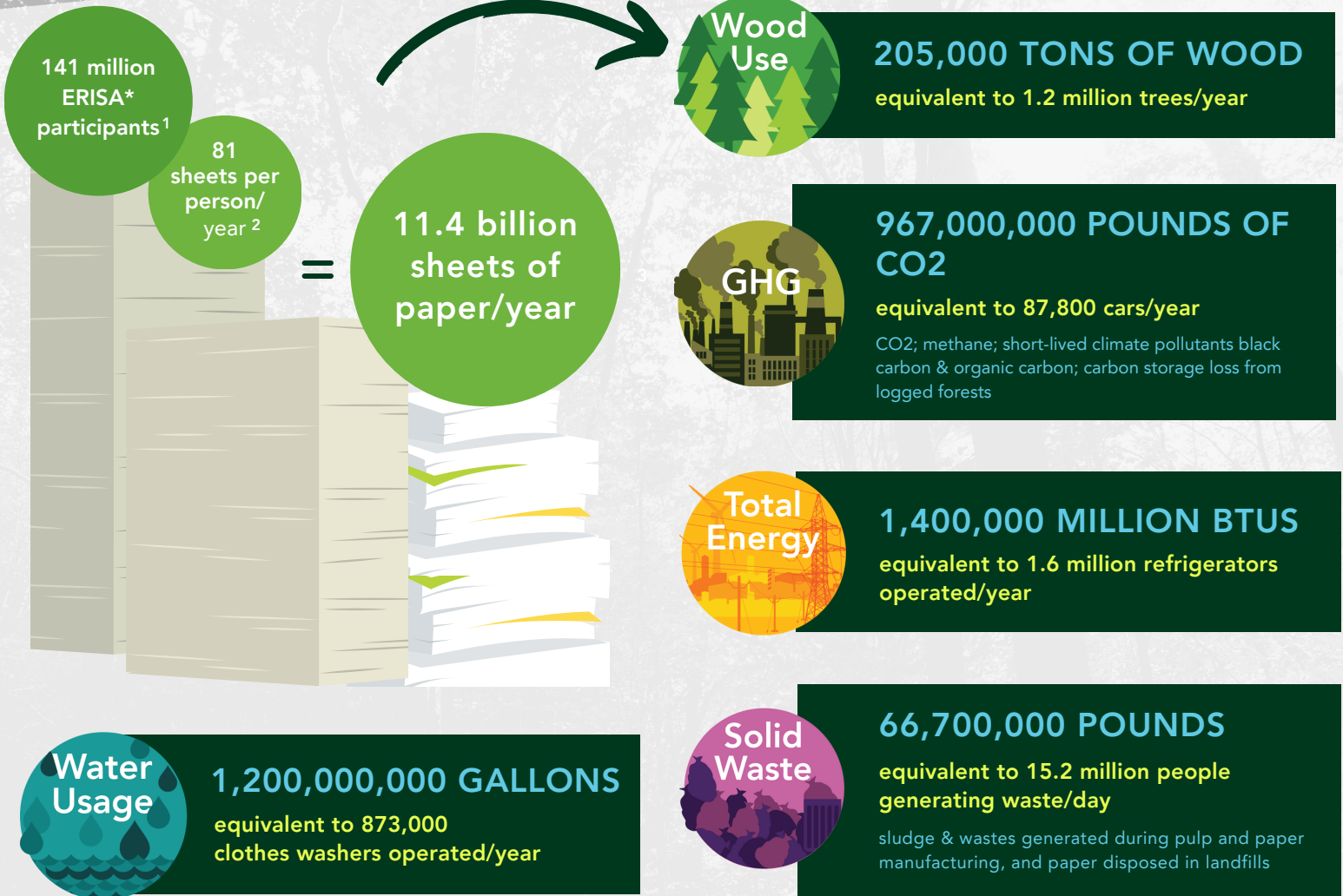
⁸ Environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 4.0. For more information, visit www.papercalculator.org.

⁹ Calculated from 11.4 billion sheets of uncoated freesheet (copy paper) containing an estimated 10% recycled content. Does not include the impacts from digital alternatives – only paper reduction.



Environmental Paper Network
PAPER CALCULATOR™

ESTIMATED ENVIRONMENTAL IMPACTS OF PAPER HEALTHCARE DISCLOSURES



AIR & WATER POLLUTION



SULFUR DIOXIDE (SO₂) = 465,000 POUNDS → equivalent to 151,000 eighteen-wheelers/year

NITROGEN OXIDES (NO_x) = 55,400,000 O₃ EQUIV/M³ → equivalent to 70,200 cars/year

OCEAN ACIDIFICATION = 161,000,000 POUNDS → equivalent to 41,500 cars/year

HAZARDOUS AIR POLLUTANTS (HAPS) = 89,900 POUNDS → equivalent to 18,000 cars/year

PARTICULATE MATTER (PM) = 17,800,000 PM_{2.5} EQUIV/M³ → equivalent to 675,000 cars/year

* ERISA (Employee Retirement Income Security Act) is a federal law that requires private retirement and health plans to provide participants information about benefits plans.

¹ U.S. Department of Labor Employee Benefits Security Administration

² Paper estimate is based on internal data provided by a representative national employer and a large health insurance company offering ERISA-covered health benefits plans.

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