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The Summary Plan Description is your audit bible

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Every audit of a self-funded plan should start with the same document: the Summary Plan Description, or SPD. ERISA requires it, participants are entitled to it, and it defines the terms every claim should have been paid against. Without it, you are auditing claims with no standard to measure them by.

What the SPD is

The SPD describes a participant's rights, benefits, and responsibilities under the plan in language a member can understand. ERISA regulations set out what it must contain, including plan and employer identification, eligibility and benefit rules, the procedures for filing and appealing claims, applicable time limits, and the remedies available when a claim is denied. It is, in effect, the operating manual for how the plan is supposed to work.

When it must be provided

A newly covered participant must receive the SPD within 90 days of first becoming covered. For a new plan, the SPD must be furnished within 120 days after the plan first becomes subject to ERISA. On written request, the plan administrator must provide a copy within 30 days, and failing to do so can carry penalties under ERISA. Sponsors are not required to file the SPD with the Department of Labor, but they must provide it to the DOL on request.

Why it anchors the audit

A claim is only an error if it was paid contrary to the plan's terms. The SPD, together with the full plan document it summarizes, is where those terms live: what is covered, what is excluded, which services need preauthorization, and how claims are supposed to be adjudicated. When an auditor questions a paid claim, the SPD is the reference that shows whether the payment matched the promise.

Reading it before you read the claims

- Confirm covered and excluded services, so a paid claim for an excluded service stands out immediately.
- Note preauthorization and utilization review requirements, which are frequent points of failure.
- Record the claims and appeals procedures and their time limits, because recovery is subject to deadlines.
- Understand the plan's definitions, since terms like medically necessary and allowed amount are defined there.

Getting the SPD first is not a formality. It is what makes every later finding defensible, because each

one can be tied back to the plan's own words.

References

1. 29 CFR 2520.102-3, Contents of summary plan description.
2. ERISA disclosure timing requirements (90 and 120 day rules; 30 day response to written request).
3. U.S. Department of Labor, Reporting and Disclosure Guide for Employee Benefit Plans.