April 28, 2026

Statement of Casey M. Clark, President and CEO
National Association of Professional Employer Organizations (NAPEO)

House Committee on Education & Workforce
Subcommittee on Health, Employment, Labor, and Pensions

Hearing: Examining the Policies and Priorities of the Employee Benefits Security Administration - April 16, 2026

Chairman Allen, Ranking Member DeSaulnier and Members of the Subcommittee:

On behalf of the National Association of Professional Employer Organizations (NAPEO), thank you for the opportunity to submit this statement for the record.

NAPEO represents the professional employer organization (PEO) industry. PEOs provide payroll, benefits, workers' compensation, regulatory compliance assistance and other HR services to more than 230,000 small and mid-sized businesses employing more than 4.5 million people.

For small businesses, the ability to offer competitive health and retirement benefits is often difficult without outside expertise and scale. PEOs help fill that gap. By partnering with small and mid-sized employers, PEOs help businesses access benefits, compliance support and HR infrastructure that might otherwise be unavailable or unaffordable.

We appreciate the Subcommittee's attention to the policies and priorities of the Employee Benefits Security Administration (EBSA). EBSA's mission is critical: protecting retirement, health and other workplace benefits for American workers and their families.

NAPEO supports EBSA's focus on regulatory clarity, compliance assistance, fair enforcement and reducing unnecessary burdens that discourage employers from offering benefits. Assistant Secretary Aronowitz emphasized that EBSA seeks to restore discretion to plan sponsors, provide regulatory clarity for retirement and health plan sponsors and increase compliance assistance and outreach. These priorities are especially important for small businesses, which often lack the legal, administrative and compliance resources available to larger employers.

We encourage EBSA to engage directly with stakeholders, including PEOs, when developing guidance or enforcement priorities affecting small business benefit arrangements. NAPEO's recent experience working with federal agencies shows the value of early, practical engagement with those who administer programs on behalf of small businesses.

I. MEWA Clarification for Fully Insured PEO Health Plans

Consistent with EBSA's focus on regulatory clarity and reducing unnecessary compliance burdens, NAPEO strongly urges EBSA to clarify that fully insured PEO-sponsored health plans should not be treated as multiple employer welfare arrangements (MEWAs). PEO-sponsored health plans already operate as employer-sponsored coverage and are subject to comprehensive state insurance regulation. Applying MEWA treatment in this context imposes unnecessary cost, complexity and uncertainty without delivering additional protection for workers.

PEOs are not loosely affiliated purchasing groups; rather, they are co-employers that assume core employer responsibilities, including payroll, tax compliance and benefit sponsorship. In fully insured health plan arrangements, licensed carriers bear the financial risk of loss and are rigorously regulated for solvency, claims payment and consumer protection. Extending MEWA treatment to these plans creates duplicative oversight, inconsistent state-by-state interpretations and avoidable compliance burdens that make it harder for small businesses to offer coverage.

Absent clear federal guidance, this ambiguity will continue to discourage benefit offering and innovation. EBSA should establish a clear regulatory pathway confirming that fully insured PEO-sponsored health plans are treated as employer-sponsored plans and are not subject to MEWA designation under ERISA.

II. Form 5500 Confidentiality for PEO Client Lists

Plan administrators are required to file an annual Form 5500 with the Department of Labor (DOL) containing certain financial information and other data about the plan. In recent years, both multiple employer retirement and health plans have been required to include with their Form 5500 a list of participating employers in the plan. Unfortunately, this list, which for PEOs effectively constitutes their client list, is made publicly available on DOL's website.

NAPEO supports oversight and full transparency with regulators but requiring *public* disclosure of PEO client lists through Form 5500 crosses a critical line without advancing participant protection. These lists are sensitive, proprietary business information. Public disclosure exposes PEOs and their small business clients to increased litigation risk, phishing, fraud and other cybersecurity threats, aggressive solicitation and competitive harm.

Public disclosure of participating employers does not improve plan solvency, benefit security, or participant outcomes. EBSA has, and should continue to have, access to this information for enforcement. The issue is not regulator access; it is unnecessary public dissemination that creates real costs and unintended consequences for compliant plans.

National Association
of Professional Employer Organizations

napeo.org

707 North St. Asaph St., Alexandria, VA 22314 703.836.0433

Such disclosure requirements will divert resources away from compliance and benefit delivery and toward managing legal and business risk. That is the wrong outcome for employers and workers alike.

EBSA can preserve full access to client-level data for oversight purposes while preventing public disclosure through confidential schedules, non-public reporting fields or other appropriate mechanisms that protect proprietary information.

III. Conclusion

We share the Subcommittee's goal of ensuring that workplace benefits work for American families. PEOs are an important partner in helping small and mid-sized businesses offer and administer those benefits. We urge the Committee and EBSA to continue advancing policies that promote clarity, transparency, compliance assistance, fair enforcement and benefit innovation.

NAPEO stands ready to partner with the Committee, EBSA and other stakeholders to support a strong, accessible and affordable employee benefits system for small businesses and their workers.

Again, thank you for the opportunity to submit this statement for the record.