

**Four-Page Summary of Benefits and Coverage (SBC) and
Notice of Material Modifications
Part of 2010 Federal Health Care Reform**



<p>Effective Date</p>	<p>March 23, 2012 Please note, however, that the regulations governing this provision of the Health Care Reform law have not yet been finalized. They are expected to be finalized by the end of 2011. This document will be revised as necessary when the final regulations are issued.</p>
<p>Who does this law apply to?</p>	<p>This law applies to group health plans, health insurance issuers offering group and individual health insurance coverage, and self-insured plans. It applies to both Grandfathered and Non-Grandfathered Plans.</p>
<p>What is a Summary of Benefits and Coverage (SBC)?</p>	<p>The SBC is a four page (double sided) document that describes the benefits offered under a health plan. The SBC is a document that is designed to give people a way to compare health benefit plans “apples to apples”. Information in the SBC must be provided according to a standard template that has been developed by the federal government. The template document can be found at http://www.dol.gov/ebsa/pdf/SBCtemplate.pdf.</p> <p>The template must be completed providing the necessary information to explain and outline coverage for each benefit plan offered by the employer. The SBC cannot exceed four double sided (total 8) pages. Font cannot be smaller than 12-point font.</p>
<p>What information is in the SBC?</p>	<p>Here is a list of some of the information included in the SBC: Premium, or cost to the employee for coverage; deductible amounts; out-of-pocket limits; any annual limits; description of network (if applicable); cost for services in a doctor’s office, lab test, prescription drugs, hospital stays, etc; excluded services; other covered services; examples of how specific services are covered under three (3) different scenarios – having a baby, treating breast cancer and managing diabetes.</p>
<p>Who will write and distribute the SBC?</p>	<p>For fully insured groups, the SBC will be written by the carrier. The carrier will issue the SBC to the employer.</p> <p>For self-funded employers, the carriers/TPA may assume the responsibility for creating the SBC but ultimately the Plan Administrator is responsible for writing and distributing.</p>
<p>Who must receive an SBC and when must they be distributed?</p>	<p>Group insurance issuers must issue an SBC to the group health plan sponsors (employers), free of charge in the following circumstances:</p> <ul style="list-style-type: none"> * Upon request for coverage or request for information about coverage, as soon as practicable, but not later than 7 days following the request. * If there is any change to the initial SBC prior to the start of group health coverage, no later than the first day of coverage. * Upon renewal or reissuance of the group health coverage, regardless of whether there have been any changes to the coverage, no later than: <ul style="list-style-type: none"> o 30 days prior to the first day of the new policy year, or o With the renewal/reissuance materials if a new written application is required. <p>Group health plans* must issue an SBC to plan participants and beneficiaries free of charge in the following circumstances:</p>

	<ul style="list-style-type: none"> • Participants and beneficiaries must receive an SBC for each benefit package offered under the plan for which they are eligible, no later than the first date of eligibility. The SBC(s) must be provided with any written application materials for enrollment, or if there are no written application materials, prior to the first date the employee is eligible to enroll in the group health plan. • If there is any change to benefits and coverage between enrollment and the first day of coverage, no later than the first day of coverage. • Within 7 days of request for special enrollment under a group health plan. Special enrollment is when employees and dependents have the right to enroll in coverage midyear upon specified circumstances. • Upon renewal of coverage (i.e., annual enrollment), not later than 30 days prior to the first day of the new plan year. • Upon request, as soon as practicable, no later than 7 days following request. <p>* For self-insured plans, the employer or the designated plan administrator must distribute the SBCs. For fully insured plans, both the insurer and plan administrator/employer are responsible for distribution (timely distribution by either one satisfies this requirement). Employers with fully-insured plans should coordinate with their insurers to determine who will be responsible for preparing and distributing SBCs.</p>
<p>Can the SBC be sent electronically?</p>	<p>Further clarification is needed, but at the moment it looks like the SBC can only be distributed electronically if a large percentage of employees have regular computer access at work.</p> <p>When sending a paper copy, the SBC can be sent to the Employee and Dependents at the employee’s address. If a dependent’s last known address is different from the employee’s, a separate SBC must be provided to the dependent at the last known address.</p>
<p>Can the SBC be included in the Summary Plan Description (SPD)?</p>	<p>Possibly, but more guidance is needed. The information provided thus far indicates that the SBC could possibly be in the very front of the SPD. However, if you provide your SPDs only electronically and the majority of your employees do not have access to a computer at work, distribution of the SBC electronically will not meet the notification requirements.</p>
<p>What is the Glossary of Common Terms?</p>	<p>The Glossary of Common Terms is a document providing definitions of common terms used in health insurance, such as Co-insurance and Emergency Services. This glossary has been developed by the National Association of Insurance Commissioners (NAIC) to provide consumers with standard generic definitions of common insurance terms. The glossary included in the regulations cannot be modified at all – the definitions, font size, pictures in the document, etc. cannot be changed. This document must be provided upon request within 7 days of the date of the request. The requirement may be satisfied by providing an Internet address where an individual may view and print the glossary, but must also provide a paper copy upon request. You may view a copy of what the glossary will look like at the following DOL website: www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf.</p> <p>Note: The glossary is separate from the SBC and therefore not part of the four, double-sided page limitations.</p>

Notice of Material Modifications	<p>If there is a material change to benefits or coverage during the plan year, the insurance carrier or group health plan sponsor/ plan administrator must provide notice of the change not later than <u>60 days in advance</u> of the date the change. A “material change” is a change that affects the content of the SBC, including enhancements or reductions in covered benefits or services.</p> <p>Changes made during renewal or open enrollment will follow the rules above for distribution of the SBCs. In other words, a separate notice is not required during open enrollment. Distribution of the SBC in the timeframes outlined above will satisfy the notification of material changes.</p>
Where do I go for more information?	http://www.dol.gov/ebsa/pdf/SBCInstructionsGroup.pdf

Sources:

EBIA Web Seminar, “Four-Page Summary Guidance, Getting Ready for 2012 Implementation,” October 5, 2011.
 Kaiser Family Foundation, Focus on Health Reform, Uniform Coverage Summaries for Consumers, October 2011
 Kelly, Hannaford & Battles P.A., Health Care Reform Update – Regulators Propose Rules for the Summary of Benefits and Coverage (“SBC”) and the Uniform Glossary, September 8, 2011

Please note that EBS is sharing this information to assist you with your compliance planning. We recommend that you contact your legal counsel with specific questions relating to the law, and how it might affect individuals covered under your plan.

November 2011