



The New Summary of Benefits and Coverage

September, 2012

Beginning September 23, 2012, a new provision of the Affordable Care Act took effect. From now on, all administrators and health plans, including grandfathered plans, are required to distribute and make available a new "summary of benefits and coverage" (an "SBC"). Please note that the "plan administrator" is almost always the employer.

The new SBC is an eight-page summary of medical coverage that is put into standardized language and into a consistent format. The idea is to provide a way for enrollees to get a clear understanding of a plan's benefits, and to easily compare group health plans side by side.

SBCs are required for all individual and group medical plans, including the health plans you offer to your employees. Generally, SBCs are not required for dental or vision coverage, unless that coverage is fully built into your medical plan. But they may be required for other types of "health plans," like Health Reimbursement Arrangements (HRAs), certain Flexible Spending Accounts (FSAs), Employee Assistance Programs (EAPs), and Wellness Plans.

In several cases you will have to give the SBC(s) to the people eligible for your group coverage. Here is a summary of some of the current rules for group health plans:

In connection with group coverage, SBCs may be provided either as a stand-alone document or in combination with other summary materials (e.g., an SPD), if the SBC information is intact and prominently displayed at the beginning of the materials, and in accordance with the timing requirements for providing an SBC.

You must provide an SBC to participants and beneficiaries upon application at renewals, and upon request. For "special enrollees" under HIPAA, you must provide the SBC no later than 90 days from enrollment. SBCs must be provided to both participants and beneficiaries, but you do not have to duplicate - a single SBC may be provided to a family unless any beneficiaries are known to reside at a different address.

For current enrollees, SBCs may be delivered electronically (if the requirements of the Department of Labor's regulations are met.) For eligible but not enrolled individuals, electronic delivery is permitted if the format is readily accessible and a paper copy is provided free of charge upon request. It can also be posted on the Internet, but you must send notice, by email or on paper, that the SBCs are available in paper form upon request. While the SBC may be provided electronically in cases where plans meet the electronic disclosure regulations under ERISA, or to recipients who request the SBC through electronic means, the SBC must be available to all recipients in paper form, mailed at no charge to the requesting party.

For new enrollees, SBCs may be provided electronically as long as the SBCs are readily accessible. The plan must advise the individuals in paper form (such as a postcard) or by email how to obtain the SBC.

The actual regulations are more detailed than what we are providing here. And of course SIG would be happy to help you with this. If you have any questions or concerns regarding your SBC duties, please feel free to call your Account Manager, send an email to Questions@SIGinsures.com, or call the Benefits Helpline at 206-957-7066 (toll-free 800-946-7066).

If you would like to read more about SBC requirements, see <http://www.dol.gov/ebsa/faqs/faq-aca8.html> or <http://www.healthcare.gov/law/features/rights/sbc/index.html>