



What Employers Need to Know Right Now About Health Care Reform

HIGHLIGHTS OF SUMMARY OF BENEFITS AND COVERAGE (SBC) REQUIREMENTS

- Must provide a Summary of Benefits and Coverage (SBC) for group health plans beginning with:
 - The first open enrollment beginning on or after Sept. 23, 2012
 - The start of the first plan year beginning on or after September 23, 2012 for those who don't go through open enrollment (e.g., new hires, special enrollees)

This means that most calendar year plans will need to provide the SBC with their open enrollment materials this fall, and make sure that new hires get the SBC starting Jan. 1, 2013

- Requirement applies to all employers, regardless of size or type (private, government, not-for-profit), including grandfathered plans
 - Insurer is responsible for creating the SBC for fully insured plans, and the insurer and plan administrator are both responsible for distributing to participants in insured plans
 - Plan administrator (which is usually the employer) is responsible for creating and distributing the SBC for self-funded plans
- Requirement primarily applies to medical (PPO, HDHP, HMO, etc.) coverage
 - Applies to HRAs -- may simply include HRA information in the medical SBC if the plans are integrated
- An SBC is not needed for:
 - Stand-alone dental and vision benefits (stand-alone means these benefits are elected separately from medical and have discrete premiums)
 - Health FSAs unless the employer makes a significant contribution
 - Health savings accounts (HSAs), although the high-deductible health plan will need an SBC and the HSA can be mentioned in it as a source of funds to meet deductibles, coinsurance, etc.
 - Hospital indemnity or specified illness coverage
 - Long-term care, disability or accident coverage
 - Retiree only plans
- Must use the standard format prescribed by the regulatory agencies

SUMMARY OF BENEFITS AND COVERAGE Q & A

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Our access to
PPACA Advisor
resources can help you
clear up health care
reform questions and
shape your company's
benefit strategy.



This information is general and is provided for educational purposes only. It reflects UBA's understanding of the available guidance as of the date shown and is subject to change. It is not intended to provide legal advice. You should not act on this information without consulting legal counsel or other knowledgeable advisors.
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May show multiple benefit options (such as coverage tiers or different deductibles and out-of-pocket maximums) on one SBC if can do that clearly

- Do not need to include premium/contribution information
- Must include a coverage example that is based on cost assumptions provided by the regulatory agencies and the plan's actual cost sharing design (deductible, copays, coinsurance, exclusions)
- Must provide a standard glossary, which may not be modified
- May include the SBC in the SPD, as long as the prescribed format is followed, the SBC information is prominently displayed, and the timing requirements are met
- Must provide in an alternate language (Chinese, Navajo, Spanish or Tagalog) if the SBC is being delivered in a county in which more than 10 percent of the population is literate only in that language
- If the employee or retiree is currently enrolled, only need to provide an SBC for the plan the employee/retiree is currently enrolled in
 - If an employee or retiree requests copies of the SBC for other option(s), those SBCs must be provided within seven business days after the request
 - Note: it may be administratively simpler to provide all options than to match the correct SBC with each participant - employers may provide all SBCs if they choose to
- If the employee is not yet enrolled, the employer must provide an SBC for every available option
- Electronic delivery is allowed if:
 - Enrollment is online, or
 - The employee receives a paper or email notice explaining the SBC has been posted on the internet; the notice must include the internet address, state that a paper copy will be provided at no charge upon request, and include contact information to request a paper copy, or
 - For employees who are already enrolled and who regularly uses a computer in his job, the SBC is either emailed to him or he is notified that the SBC has been posted, the location of the posting, why the SBC is important and how he can obtain a free paper copy
- There is a penalty of up to \$1,000/employee for willful (deliberate) failures to provide the SBC, and of up to \$100/participant/day for negligent failures to provide the SBC

Action Needed:

- Determine who will prepare the SBC (insurer, TPA, employee(s), advisor) - and make sure that this person knows what is expected of them
 - The SBC template is here:

 - The instructions are here:

 - The glossary is here:

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- Determine the manner of distribution (paper or electronic) for different types of participants (e.g., retirees who need an SBC because they are in the active employee plan likely will need paper unless enrollment is online)
- Work through coordinating information if some benefits are provided by other vendors (such as prescription drugs or managed behavioral care)
- Determine whether a non-English version of the SBC will be needed (a list of the impacted counties is here:

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- Implement a process to ensure that newly eligible employees receive the SBC or notification of SBC availability with their application materials
- If SBCs are provided electronically, implement a process to provide paper SBCs within seven days after they are requested
- Timely issue the SBCs

[Additional information is available here:](#)

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(scroll to the Summary of Benefits and Uniform Glossary section)