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legislativeUPDATE

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Summary of Benefits and Coverage (SBC) – Proposed Changes

The agencies have released [proposed regulations](#) on the summary of benefits and coverage (SBC) and uniform glossary. These new rules would amend the 2012 [final SBC regulations](#), and would clarify when and how an SBC must be provided, shorten the SBC template, add a third cost example, and revise the uniform glossary.

Background: All health plans are required to provide consumers with a standardized, brief summary of what a health insurance policy or employer plan covers. This information allows consumers to make “apples to apples” comparisons when shopping for health insurance coverage and to have a clear summary of what their insurance covers. Accordingly, the Affordable Care Act (ACA) expanded ERISA’s disclosure requirements by requiring group health plans and issuers to provide an SBC to applicants and members at certain times, including before enrollment and re-enrollment. In addition, plans must make a uniform glossary of health coverage-related terms and medical terms available to participants. Plans must provide the uniform glossary upon request, in either paper or electronic form, within seven business days after receipt of the request. The SBC requirement became effective for coverage that began on or after September 23, 2012. For more information, see our update, [“Summary of Benefits and Coverage – Update Materials”](#).

The 2012 final regulations require plans to provide the SBC and uniform glossary in a standardized format, and a template for the SBC and related materials, including a uniform glossary, was provided. The template and related materials are available on the Department of Labor’s (DOL) [website](#). A series of [Frequently Asked Questions](#) (FAQs) regarding the SBC requirement is also available. Willful failure to provide an SBC may result in a penalty of up to **\$1,000**, and failing to provide the SBC may also trigger an excise tax of \$100 per day per individual for each day of noncompliance.

Proposed Changes: The proposed rules would add features making the SBC even more user-friendly. Coverage examples currently include having a baby and managing diabetes type 2. The proposed rules would add an additional third coverage example that shows cost-sharing related to a broken foot, to help participants understand what their plan would cover in an emergency scenario. Pricing data used in the coverage examples would also be updated so that the examples reflect more accurate charges experienced by participants. The proposed rules would also significantly streamline and shorten the SBC as demonstrated by the [sample completed SBC](#) that has been reduced from 4 double-sided pages to two and a half. Improvements have also been made to a [Uniform Glossary](#) that helps participants understand insurance terms.

The agencies are also proposing to make a number of changes to the content of the SBC and uniform glossary to reflect the private insurance market reforms under the ACA. For example, references to annual limits for essential health benefits and preexisting condition exclusions would be removed. In addition, information regarding minimum essential coverage (MEC) and minimum value (MV) has been revised and must be included in the SBC, effectively ending a temporary enforcement safe harbor that previously permitted statements about MEC and MV to be included in a cover letter rather than in the SBC. The proposed rules also incorporate the several FAQs that have been issued since the final 2012 SBC regulations were released.

If finalized, the new proposed requirements would apply to coverage that begins on or after September 1, 2015. More complete information regarding timing and specific impacts to existing SBCs and processes will be provided once final regulations are issued. Please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 with any questions. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).