



August 22, 2011

Summary of Benefits Guidance Issued

Healthcare reform requires that health insurers and group health plans (including grandfathered plans) provide consumers with clear, consistent and comparable information about their health plan benefits and coverage. New proposed rules and [template materials](#) are intended to enable consumers both to more easily understand the coverage they already have and, when purchasing new coverage, make comparisons of available options. Specifically, the new rules are intended to ensure consumers have access to two forms that will help them understand and evaluate their health insurance choices, including:

- [A Summary of Benefits and Coverage \(SBC\)](#), including a new standardized health plan comparison tool; and
- [A Uniform Glossary of Coverage](#) and Medical Terms commonly used in health insurance coverage, such as “deductible” and “co-pay.”

The proposed summary SBC and glossary were developed in conjunction with [the National Association of Insurance Commissioners \(NAIC\)](#) and a working group including representatives of health insurance-related consumer advocacy organizations, health insurers, health care professionals, patient advocates including those representing individuals with limited English proficiency, and other qualified individuals. Further input on the templates will be considered before they go into use starting March 23, 2012.

Summary of Benefits and Coverage

Beginning on March 23, 2012, all health insurance issuers and group health plans will be required to provide the SBC and the uniform glossary to consumers. A group health plan with multiple coverage options would provide a separate SBC for each option. The agencies have requested comments on the feasibility of implementation by March 23, 2012, given that the SBC template and related materials will not be finalized until after the comment period ends on October 21, 2011.

The SBC distribution obligation is satisfied so long as any entity has provided it—that is, if the insurer provides the SBC to participants, the plan administrator’s obligation has been satisfied. Therefore, employers sponsoring self-funded arrangements (or the plan administrator) must send the SBCs, while insurers must provide the summaries for insured plans. The SBC summarizes the key features of the plan or coverage, such as the covered benefits, cost-sharing provisions, and coverage limitations and exceptions. The four page (double-sided) SBC will include coverage examples that will illustrate what proportion of care expenses a plan would cover for three

common benefits scenarios—having a baby, treating breast cancer, and managing diabetes. Additional scenarios may be added in the future. The proposed SBC template also requires four additional elements—(1) an Internet address (or similar contact information) for obtaining a list of network providers; (2) an Internet address for more information about prescription drug coverage; (3) an Internet address to review and obtain the uniform glossary; and (4) premiums (or cost of coverage for self-insured group health plans. The premium information required would not reflect any employer subsidy, which the agencies recognize could hamper cost comparisons.)

The proposed SBC template includes the following instructions and samples:

- [Sample Completed SBC](#)
- [Instructions for Completing the SBC - Group Health Plan Coverage](#)
- [Instructions for Completing the SBC - Individual Health Insurance Coverage](#)
- [Why This Matters language for "Yes" Answers](#)
- [Why This Matters language for "No" Answers](#)
- [Guide for Coverage Examples Calculations](#)

While the proposed regulations would require that the SBC be a stand-alone document, the agencies recognize the potential overlap between the SBC and certain SPD requirements for ERISA plans. The agencies have requested comments on the templates, uniform glossary, and coverage examples, including whether the proposed template would require modifications for certain types of plans and benefits, and whether the SBC should be allowed to be provided within an SPD if the SBC is intact and prominently displayed at the beginning of the SPD and if the timing requirements for providing the SBC are satisfied.

Providing the Information

Distribution is required as follows:

- **When enrolling for coverage:** An issuer or health plan must automatically provide an SBC to a consumer prior to enrolling in coverage and 30 days prior to reissuance or renewal of their health coverage. For employer plans, the SBC generally must be provided as part of any written enrollment or other application materials or, if no written materials are distributed, no later than the first day an individual is eligible to enroll. All individuals eligible for plan coverage (including family members) are entitled to receive an SBC for every benefit option available to them. For subsequent plan years, SBCs would automatically be provided for the elected coverage with each year's open enrollment materials, but SBCs for other benefit packages can be requested. Where re-enrollment is automatic, the new SBC would be required no later than 30 days before the beginning of the new plan year.
- **When coverage changes:** People enrolled in a health plan must be notified of any significant changes to the terms of coverage reflected in the SBC at least 60 days prior to the effective date of the change. For employer plans, if there is a material modification to a plan feature or coverage that would affect the SBC content, notice of the modification would be required no later than 60 days before the modification's effective date.
- **On demand:** An enrollee can request a copy of the SBC and must receive it within 7 days. For employer plans, upon a participant's request or special enrollment, the SBC must be provided within 7 days of the request. The uniform glossary will also be made available upon request, as well as in a link provided in the coverage label by the plan or insurance company.

Failure to provide SBCs or the 60-day advance notice of a material modification could trigger fines

up to \$1,000 for each affected individual, which may be in addition to other applicable penalties.

Use of Information Technology and Reducing Burden on Employers and Issuers

The SBC may be disclosed in either paper or electronic form if certain consumer safeguards are met. Therefore, it may be possible for a plan or issuer to post the SBC on its website or on HealthCare.gov, or provide it by email. For ERISA plans, the SBC may be delivered electronically by satisfying the requirements of the DOL's electronic disclosure safe harbor provisions.

Public Comment

The new rules are open to public comments for 60 days from the date of publication. Comments are requested on how the SBC and the uniform glossary can be provided to individuals while minimizing undue cost and burden on employers and health insurance issuers. Comments are also requested on different methods of providing the uniform glossary and the coverage examples, in the interest of streamlining compliance and making the implementation of these requirements as workable, efficient and user-friendly as possible. Further input will be welcome as the current proposed SBC template and related documents appear to have been drafted primarily for use by insurers—thus, modifications may be made in the future for group health plans.

For more information and background on this new SBC requirement, see the [News Release](#), [Fact Sheet](#), and the [DOL](#) and [CMS](#) websites. As additional information becomes available on this topic, Conner Strong & Buckelew will issue updates. We encourage you to contact your Conner Strong & Buckelew account representative toll-free at 1-877-861-3220 for assistance. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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