



What Employers Need to Know Right Now About Health Care Reform

HIGHLIGHTS OF THE SUMMARY OF BENEFITS AND COVERAGE REQUIREMENT

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- Plan administrators of group health plans must provide a Summary of Benefits and Coverage (SBC) to eligible individuals
 - 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 applies to all employers, regardless of size or type (private, government, not-for-profit), including grandfathered plans
- Requirement primarily applies to medical (PPO, HDHP, HMO, etc.) coverage
 - Applies to HRAs -- may include HRA information in the medical SBC if the plans are integrated
 - Applies to EAPs and wellness only if the program provides medical services, such as counseling - may include the EAP or wellness information in the medical SBC if they are linked
- 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; the HSA can be mentioned as a source of funds to meet deductibles, coinsurance, etc. if desired
 - 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

- 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
 - Plan may either distribute the glossary or provide a link to where it is posted
- 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 individual 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
 - 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 of the SBC 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 an employee who is 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:

- Verify who will prepare the SBC (insurer, TPA, employee(s), advisor) – and make sure that this person knows what is expected of them
 - The 2013 SBC template is here: <http://www.dol.gov/ebsa/correctedsbctemplate.doc>
 - The 2014 SBC template is here: <http://www.dol.gov/ebsa/correctedsbctemplate2.doc>
 - The instructions are here: <http://www.dol.gov/ebsa/pdf/SBCInstructionsGroup.pdf>
 - The glossary is here: <http://www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf>
- Verify 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: <http://www.cciio.cms.gov/resources/factsheets/clas-data.html>)
- 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

Additional information is available at:

<http://www.dol.gov/ebsa/healthreform/>

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



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