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NOVEMBER 2, 2011

SBC Update

Earlier this week I participated in the annual JCEB health and welfare meeting here in DC. Many governmental guests were in attendance. The guests made some employer-favorable comments about the upcoming final SBC rules. I should stress that these comments are informal comments and nothing will be final until the final regulations are published. We discussed three key items.

1. The proposed regulations provided that the SBC rules would be effective March 23, 2012. It appears that date is likely to be postponed until later in 2012.

2. The proposed regulations provided that SBC documents would need to be distributed 60 days prior to the beginning of the plan year. This would have meant that employer plans would need to send revised SBC documents by November 1st of each year. This would be a substantial hardship for many plans, as that would be prior to some plans' annual enrollment period. It appears that the final rules likely will clarify that the revised SBC documents can be distributed with annual enrollment materials (but no later than 30 days prior to the start of the new plan year).

3. The proposed SBC documents and templates talk mainly in terms of individual and insured coverages. The final documents will likely be revised to include more ERISA plan concepts.

The final SBC regulations and template documents will likely be published in early 2012.