MARCH 16, 2016

Expected Timeline for New SBC Template

The Department of Labor has issued a new FAQ (Part 30) stating that after March 28, 2016 (the end of the comment period for the proposed changes to the Summary of Benefits and Coverage template and related documents), the Departments will finalize the SBC template and associated documents "expeditiously." The intent is for the new template to be used beginning on: the first day of the first open enrollment period that begins ***on or after April 1, 2017***, for plan years beginning on or after that date. For calendar year plans, this means the new template would be used with the open enrollment period that occurs prior to January 1, 2018.

Here are additional details on the proposed changes to the SBC template:

Revised "Important Questions"

- Removal of questions regarding the overall annual limit and what is not covered
- More information on network providers, such as whether participant pays less if they use a network provider
- Additional information regarding services not subject to a deductible
- Revised question addressing whether referrals are required for specialists

Revised "Why this Matters"

- Must disclose whether the plan has "embedded" deductibles or out-of-pocket maximums (where individuals can meet the limit before the full family amount is met) or "non-embedded" deductibles (where no benefits are paid until the full family amount is met)
- Specific language is provided to explain if there are services covered before the deductible is met, including for non-grandfathered plans
- New language is provided for plans that use provider networks, including those that have tiered networks

Limitations, Exceptions and Other Important Information

- Disclosure is required for certain "core" limitations and exceptions, including:

1) When a service category or substantial part of a category is not covered, such as brand name drugs if a plan only covers generic drugs
2) When cost sharing for covered in-network services does not count toward the out-of-pocket limit
3) When limits are placed on the number of visits or specific dollar amounts payable under the plan
4) When prior authorization is required for a service and if there is a penalty for failure to obtain it

- Plans may include the impact of "add-ons", such as wellness incentives or spending accounts
- New disclosures are provided for pregnancy services

Disclosures modified

- Disclosures include whether the plan provides MEC and meets MV standards as well as information on the potential tax consequences, exemptions and the premium tax credit
- The plan may choose to provide whether abortion services are covered
- May include a reference to the SPD in the SBC, but the reference cannot be used as a substitute for any content required, except to the extent permitted in the Limitations, Exceptions and Other Important Information column

Coverage Examples Changed

- A new example regarding simple fractures is included
- The Coverage Examples Calculator continues to be available

Uniform Glossary Definitions Linked in SBC

- Glossary definitions may be hyperlinked directly to the definition (through electronic versions of SBC)
- May utilize hover text applications that provide a text bubble to appear with the definition in the electronic SBC