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APRIL 24, 2013

Updated SBC Guidance Released

Yesterday a new model SBC and a new sample completed SBC were released, along with FAQs Part XIV which can be found here.

As you may recall from the last open enrollment period, the Summary of Benefits and Coverage provides information to plan participants about plan design using a required format. The updated SBC is necessary because the template provided last year did not include information regarding whether the benefit option being described provides minimum essential coverage (MEC) or meets the minimum value (MV) requirements. As a reminder, MEC refers to the comprehensive medical coverage individuals must have to avoid paying an additional tax and that employers must provide to avoid paying the employer tax; MV refers to whether the plan pays at least 60% of the allowed charges.

The updated SBC template (and sample completed SBC) can be found here and are to be used for coverage beginning on or after January 1, 2014, and before January 1, 2015. Page 4 of the new SBC contains a section where plans must provide information as to whether it provides MEC or provides MV. If a plan is unable to use the new sample, the prior sample SBC can be used and no enforcement action will be taken, PROVIDED that a cover letter or other notice is provided to participants with the SBC indicating whether or not the plan provides MEC or meets the MV requirements (sample language is provided for this purpose).

No additional changes were made to the SBC, and no new coverage examples were added as some were expecting, which will be a welcome relief to plan sponsors and insurers. In addition, no changes were made to the Glossary or the Instructions for completing the SBC. The enforcement relief provided in previous FAQs, particularly with respect to the provision of SBCs, is being extended. FAQ Question 5 lists the specific relief that is extended, which includes an extension of the basic approach of assisting employers in implementing these new rules as opposed to applying penalties.