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Summary of Benefits and Coverage (SBC)

This morning the agencies released proposed regulations that establish the requirement to distribute a uniform explanation of coverage. This uniform document is being referred to as the "SBC" or Summary of Benefits and Coverage. A link to the press release and a link to the SBC template form is provided below. The agencies also released over 30 pages of "instructions" on how to complete the SBC. Because these are proposed regulations, changes in the regulations and in the draft template are possible when the regulations are finalized. Employers should consider submitting comments in appropriate situations.

The SBC is a standard form that must be used and distributed for each separate medical benefit option. However, it appears that some minor modifications to the language and format will be possible to accommodate unique plan designs. The SBC is in addition to a plan's normal SPD requirement, but the agencies have requested comments on how the SBC can be incorporated into a plan's SPD or Enrollment Guide materials.

There was concern that this requirement could apply to annual enrollment for January 1, 2012. However, based on an initial reading of the proposed regulations, the requirement will not apply until March 23, 2012. Thus, annual enrollment materials typically sent in the October-November 2011 timeframe for January 1, 2012 coverage should be unaffected by this new rule.

However, once the rules apply on March 23, 2012, the SBC must be provided thereafter as follows:

- The SBC must be provided as part of any written application materials that are distributed by the plan for enrollment. KT Comment: Initially, this appears to require new hire kits to include the SBC. Thus, any new hire kits distributed after March 23, 2012 would need to include the SBC (assuming the employee is eligible for the applicable coverage).
- If there is any change to the information required to be in the SBC before the first day of coverage, the plan must update and provide a current SBC to a participant or beneficiary no later than the first day of coverage.
- The plan must provide the SBC to HIPAA special enrollees within seven days of a request for enrollment pursuant to a special enrollment right. KT Comment: This would apply to any special enrollments requested after March 23, 2012.
- If the plan requires participants or beneficiaries to renew in order to maintain coverage (for example, for a succeeding plan year), the plan or issuer must provide a new SBC when the coverage is renewed. If written application is required for renewal (in either paper or electronic form), the SBC must be provided no later than the date the materials are distributed. If renewal is automatic, the SBC must be provided no later than 30 days prior to the first day of coverage under the new

plan year. KT Comment: This requirement should first apply to annual enrollments in the Fall of 2012 (assuming the plan is a calendar year plan).

- A plan must provide the SBC to participants or beneficiaries upon request, as soon as practicable, but in no event later than seven days following the request. KT Comment: This requirement would apply to requests beginning March 23, 2012.

Link to Press Release:
http://www.hhs.gov/news/press/2011pres/08/20110817a.html
Link to the Draft SBC Template:
http://www.healthcare.gov/news/factsheets/labels08172011b.pdf