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## Health Care Reform Act New Guidance on Summary of Benefits and Coverage

On February 9, 2012, the Departments of Health and Human Services, Labor, and Treasury (the "Departments") jointly issued 150 pages of final regulations and additional pages of guidance (including a model template, instructions, and sample language) regarding the Summary of Benefits and Coverage ("SBC") requirements under the Health Care Reform Act. Under the final regulations, group health plans will need to provide the SBC during the ***first open enrollment period beginning on or after September 23, 2012.***

**Background.** The Health Care Reform Act requires group health plans to provide eligible employees with an SBC describing the plan's benefits and coverage on four pages in a uniform manner. In August 2011, the Departments issued proposed regulations and templates implementing the SBC requirements. As expected, the new final regulations make significant changes to the proposed guidance.

**Content Requirements.** The final regulations require that the SBC include the following information:

- Uniform definitions of standard insurance and medical terms ("Uniform Glossary");
- A description of coverage for each category of benefits;
- A description of any limitations on coverage;
- The plan's cost-sharing provisions (such as deductibles and copayments);
- The plan's renewability and continuation of coverage provisions;
- "Coverage examples" illustrating common benefits scenarios (such as the coverage of expenses in the event of pregnancy);
- Whether the plan provides minimum essential coverage (this disclosure is not effective until 2014);
- A statement that the SBC is a summary and is not to be consulted for contractual provisions of coverage;
- A contact number and Internet address at which participants can obtain or review plan documents, coverage policies, or group certificates of coverage; and
- An Internet address at which participants can obtain or review:

- The network of providers;
- Prescription drug coverage; and
- The Uniform Glossary.

Under a special rule, group health plans that provide coverage for items or services provided outside of the United States may provide an Internet address (or similar contact information) for obtaining information about that coverage instead of providing an SBC.

**Format Requirements.** The final regulations limit the SBC to four double-sided pages using 12-point or larger font. Group health plans may provide the SBC as a stand-alone document or as part of the summary plan description or other plan materials, provided the SBC information is intact and prominently displayed at the beginning of the materials. The SBC may be provided in paper format or electronically. More lenient electronic delivery rules apply to individuals who are eligible for but not enrolled in group health plan coverage.

In counties in which 10% or more of the population residing in the county is literate only in the same non-English language, group health plans must:

- Provide interpretive services (for example, a telephone customer assistance hotline);
- Provide written translations of the SBC upon request; and
- Disclose the availability of language services in English versions of the SBC.

**Model Templates.** The guidance issued by the Departments along with the final regulations provides a model SBC template, instructions for completing the SBC, sample language, a guide for coverage example calculations, and a Uniform Glossary. These materials are available at:

- **SBC Model Template**  
[www.dol.gov/ebsa/pdf/SBCtemplate.pdf](http://www.dol.gov/ebsa/pdf/SBCtemplate.pdf)
- **SBC Completed Model Template**  
[www.dol.gov/ebsa/pdf/SBCSampleCompleted.pdf](http://www.dol.gov/ebsa/pdf/SBCSampleCompleted.pdf)
- **Instructions for Completing the SBC**  
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- **Sample Language**  
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- **Guide for Coverage Example Calculations**  
<http://cciio.cms.gov/resources/other/index.html>
- **Uniform Glossary**  
[www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf](http://www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf)

**Distribution Timing Requirements.** Group health plans must provide the SBC free of charge as follows:

- When individuals are first eligible to enroll in coverage (or within 90 days of enrollment for HIPAA special enrollees);
- When individuals renew coverage (for example, at open enrollment);
- Within seven business days of an individual's request; and
- At least 60 days before the effective date of a mid-year material modification of coverage.

**Next Steps.** Plan sponsors will need to begin compliance efforts to prepare for the next open enrollment period. Self-administered plans should determine whether the plan sponsor or third-party administrator will prepare the SBC. Plan sponsors of fully insured plans will need to confirm that their insurance carriers will prepare the SBC.

**Contact Information.** For more information from Mazursky Constantine, please call Nicole Bogard (404-888-8830) or Angela Marino (404-888-8822). For more information from VCG Consultants, please call Leslie Schneider (404-888-3617) or Kathi McMullan (404-888-3619).

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