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Healthcare re-FORUM

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Summary of Benefits and Coverage and Uniform Glossary

To help consumers better understand and compare health plans, the Affordable Care Act (ACA) requires insurers and group health plans to provide a new, uniform way to show benefits and define healthcare industry terms.

On February 14, 2012, the Departments of Health and Human Services, Labor and Treasury, issued the defining regulations for the Summary of Benefits and Coverage (the SBC) in the Federal Register. Due to the delay in providing the final regulations, the new effective date for providing the SBC and the Glossary of Health Coverage and Medical Terms (Uniform Glossary) begins on September 23, 2012.

The intent of the SBC and Uniform Glossary is to help consumers understand their health coverage and common terms used by health plans as well as to simplify the process of shopping for and comparing health plans.

To make this apple-to-apple comparison easier for consumers, the law requires the SBC to be written in a culturally and linguistically uniform format using simple language that would be understood by the average consumer. The document must use at least 12-point font and cannot exceed four double-sided pages.

The SBC is required to include:

- A description of coverage, including cost-sharing requirements (e.g., deductibles, coinsurance, copays)
- Information about coverage exceptions, reductions or limitations
- Provisions about renewing and continuing coverage
- Information on how to get a network provider list
- Contact information for prescription drug coverage
- A statement about whether coverage provides minimum essential benefits (beginning 2014)
- A statement about whether the total allowed costs of covered benefits meet applicable actuarial value requirements (beginning 2014)
- Coverage examples showing the estimated costs the plan would cover for a patient having a baby through normal delivery and for a patient managing type II diabetes (more examples may be required in the future)
- Internet and phone contact information for requesting the Uniform Glossary
- Information about requesting a paper copy of the SBC and/or Uniform Glossary

The SBC does not require premium information.

Delivery of the SBC

The SBC must be provided to plan sponsors and to members of all health plans—individual and group, fully insured and self-insured, grandfathered and non-grandfathered. Please note: HIPAA-excepted benefits (e.g., stand-alone dental/vision plans, certain flexible spending accounts) are excluded from the requirements. Also, the SBC does not apply to retiree only plans.

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For self-insured groups, the ERISA plan administrator (typically the employer plan sponsor) is responsible for delivering the SBC. For fully insured groups, either the plan administrator or the issuer must deliver the SBC. Plans and issuers can enter into a contract with a third party to complete and deliver the SBC if the plan or issuer:

- Monitors the performance of the completion and delivery of the SBC.
- Takes steps to correct any known violations.
- Communicates with plan members about violations it is unable to correct and makes an effort to avoid future violations.

The SBC must be distributed to members enrolled in group health plan coverage at two different effective dates, depending on the type of enrollment period. For members enrolling during an open enrollment period, the SBC must be provided on the first day of the first annual enrollment period beginning on or after September 23, 2012. For members enrolling at other times (e.g., newly eligible individuals, special enrollees), the SBC must be provided for enrollments on or after the first plan year that begins on or after September 23, 2012.

The SBC must also be provided by issuers to group health plans and those with individual coverage beginning on September 23, 2012, including:

- Upon application for coverage
- By the first day of coverage, if the SBC changed from the version provided upon application
- Following a mid-year material modification that changes the SBC information
- Following a request for special enrollment (as defined by HIPAA) (Applies to group coverage only)
- Upon renewal
- Upon request

The SBC may be delivered electronically or in paper format (if requested). However, there are different rules for delivering the SBC depending on the recipient. If the recipient is an enrolled participant in a group health plan, the plan may provide the SBC electronically as long as the Department of Labor's electronic delivery rules are followed. If the recipient is not enrolled in the plan, the plan may provide the SBC electronically if the following criteria are satisfied:

- The electronic format must be readily accessible.
- A paper version is available free of charge upon request.
- Timely notification via email or paper is given for reviewing the SBC online.

If the recipient has individual coverage, the issuer may provide the SBC electronically. Notifications of the electronic version can be provided in different ways. For example, the individual is notified of the web address where the SBC is posted or provides an email for the purpose of receiving the SBC electronically.

Also, if the SBC is provided electronically, it must follow these guidelines:

- The document is readily accessible.
- It is posted in a prominent, accessible location, if on the Internet.
- The document can be saved and printed.
- The individual is notified the SBC is available in paper form upon request.

A health insurer or group health plan that willingly fails to comply with the SBC's standards and terms may be fined up to $1,000 per failure per enrollee. Other penalties under the Public Health Services Act may also apply. However, fines will not be imposed during the first year if plans and issuers are working in good faith to meet the requirements of the regulations.

For more information, please see *Healthcare Re-Forum: 2011 Issue No. 4,* or the FAQs about the Affordable Care Act Implementation (Part VIII).

You can view additional resources by visiting the Center for Consumer Information & Insurance Oversight's website, cciio.cms.gov, or the Department of Labor's website, dol.gov/ebsa/healthreform.