

## Proposed changes to Summary of Benefits and Coverage

On March 11, 2016, the Department of Labor released [FAQs about Affordable Care Act Implementation \(Part 30\)](#) that addresses implementation dates for the proposed Summary of Benefits and Coverage template and associated documents (published on February 26, 2016). (See [ErisaALERT 2012-06](#) for background information). The government intends to act “expeditiously” to finalize the new documents.

### **When will employers need to use the new materials?**

Plans and issuers that maintain an annual enrollment period will be required to use the new SBC template and associated documents beginning the first day of the first open enrollment period that begins on or after April 1, 2017 for plan years that begin on or after that date. For plans and issuers that do not use an annual open enrollment period, the effective date is the first day of the first plan year that begins on or after April 1, 2017. For calendar year plans, the proposed template would be required for the 2018 open enrollment period.

### **What changes to the SBC template can employers expect?**

The new SBC template is much shorter – only two and a half double-sided pages long (previously eight double-sided pages). The shorter version eliminates duplication of information. For example terms and definitions that can be found in the glossary are gone from the new SBC (allowed amount, balance billing, copayments, coinsurance, deductibles, provider). Also gone are outdated questions (Is there an overall annual limit on what the plan pays? Does this plan use a network of providers?). The common medical events pages have only minor tweaks.

There are three personalized coverage examples (a simple fracture has been added to examples for having a baby and managing type 2 diabetes). These coverage examples have been reworked to incorporate the questions and answer that formerly appeared on a separate page. The old call-out box – “This is not a cost estimator” has been moved to the top of the coverage example page and the warning “Don’t use these examples to estimate your actual costs under this plan” has been replaced with an informative statement about what to consider in determining out-of-pocket costs.

Information about continuing coverage, filing grievances and appeals, providing minimum essential coverage and meeting minimum value standards remains the same.

### **What changes to the Uniform Glossary can employers expect?**

The new Glossary of Health Coverage and Medical Terms is five pages long (previously four pages). There are sixteen new terms (claim, cost sharing, cost-sharing reduction, diagnostic test, formulary, individual responsibility requirement, marketplace, maximum out-of-pocket, minimum essential coverage, minimum value standard, orthotics and prosthetics, premium tax credits, preventive care, referral, screening and specialty drug). Several terms have been

revised to add more detail (for example allowed amount, balance billing, emergency medical transportation, emergency room/emergency services, home health care). The example at the end of the glossary shows higher costs for the office visit.

One minor change that may have communication implications for employers is the elimination of the hyphen in the terms “coinsurance” and “copayments”. Employers may want to revise their employee benefit communication pieces so that these terms match the Glossary.

### **What changes to the Instruction Guide for Group Insurance can employers expect?**

While the new SBC is shorter, the Instruction Guide for Group Insurance issued in February 2016 has grown in length from 15 to 19 pages. Some key takeaways from the new instructions include a suggestion to use the font type Arial Narrow when reproducing the SBC template and to underline terms that are defined in the Uniform Glossary (or better yet hyperlinked directly to the Glossary). Although the SBC is generally not permitted to substitute a cross-reference to the SPD except as provided in the Limitations, Exceptions and Other Important Information column or other documents for any content element of the SBC, an SBC may include a reference to the SPD in the box at the top of the first page of the SBC (for example Questions: Call 1-800-[XXXX] or visit [www.\[XXXX\]](http://www.[XXXX]) for more information including a copy of your plan’s summary plan description.)

The new Instruction Guide contains very specific language to distinguish the treatment of the embedded and non-embedded out-of-pocket maximum for family coverage in the “Why this matters” column on the first page of the SBC. Similarly, the language that corresponds to “Will you pay less if you use a network provider” in the “Why this matters” column on page 1 of the SBC is more exact in describing possible consequences of using an out-of-network provider. The language in the “Limitations, Exceptions & Other Important Information” corresponding to “Common Medical Events” on page 2 of the SBC has been similarly tweaked. Finally, the new Instruction Guide incorporates the requirement to include statements about Minimum Essential Coverage/Minimum Value.

### **Anything else?**

The proposed final regulations also eliminate the potential for unnecessary duplication of effort. If an issuer provides an SBC upon request before the application for coverage, the issuer has satisfied the requirement to provide the SBC upon application for coverage (unless coverage has changed). Additionally, the proposed regulations allow a plan or issuer to contract with a third party to fulfill the SBC requirement if the plan or issuer monitors the performance under the terms of the contract to ensure that participants and beneficiaries receive the information to which they are entitled.

### **Next Steps for Employers:**

The implementation date for the new proposed SBC template is the first open enrollment period that begins on or after April 1, 2017 for plan years that begin on or after that date; effectively the 2018 open enrollment period for calendar year plans.. The date may seem far away but time has a way of creeping up on all of us. Here are a few steps to prepare for the changes:

- Subscribe to DOL updates to be in the know about ACA changes and developments. Go to <http://www.dol.gov/ebsa/healthreform/>

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March 2016

- Once the new SBC templates are finalized, plan to meet with third party SBC preparers to understand your role in the preparation process.
- Decide if your employee benefit communications need to change as a result of changes to the SBC and the Uniform Glossary.

**Note:** all links are active as of the date of issuance of this ErisaALERT.

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