ACA COMPLIANCE BULLETIN

HIGHLIGHTS

- The SBC is a concise document providing information about health plan coverage and costs.
- The SBC requirement applies to group health plans and health insurance issuers.
- The effective date for using the final template will depend on whether the plan provides an annual open enrollment period.

IMPORTANT DATES

April 6, 2016
Final revised SBC template and related materials released

April 1, 2017
Final template and materials must be used related to coverage provided after this date

Provided By:
The Alpha Group

FINAL SBC TEMPLATE RELEASED FOR 2017

OVERVIEW

On April 6, 2016, the Departments of Labor (DOL) and Health and Human Services (HHS) issued the final revised template and related materials for the summary of benefits and coverage (SBC).

Plans with annual open enrollment periods must start using the new template on the first day of the first open enrollment period that begins on or after April 1, 2017, with respect to coverage for plan or policy years beginning on or after that date.

Plans without an annual open enrollment period must start using the new template on the first day of the first plan or policy year that begins on or after April 1, 2017.

ACTION STEPS

Employers should become familiar with the new template and related materials. Self-funded plan sponsors should ensure that they are using the new template on the appropriate effective date. Employers with insured plans should make sure the carrier is providing the correct version of the template once it is required.

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Background

The Affordable Care Act (ACA) requires both grandfathered and non-grandfathered health plans and health insurance issuers to provide an SBC to applicants and enrollees, free of charge. The SBC is a concise document providing simple and consistent information about health plan benefits and coverage. It is intended to help health plan consumers better understand the coverage they have and to help make easy comparisons of different options when shopping for new coverage.

The SBC must be produced in accordance with the applicable template. Form language and formatting must be precisely reproduced, unless instructions allow or instruct otherwise. Unless otherwise instructed, the plan or issuer must use 12-point font (as required by federal law), and replicate all symbols, formatting, bolding and shading.

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Key Changes to the SBC Template and Instructions

The final template is five pages (two and one-half double-sided pages) long, which is shorter than the current six-page version. The final template and instructions also differ from the current versions in the following ways:

Introduction

The revised SBC contains a new introductory paragraph, which provides information about the purpose and structure of the SBC. The introduction also links to the uniform glossary. In the introduction and throughout the SBC, terms defined in the uniform glossary are hyperlinked directly to the definitions in electronic versions of the SBC.

Important Questions

The "Important Questions" section has been revised to include a question about services covered before the deductible is met. Questions about annual limits and services not covered have been deleted, although the SBC still includes information on services that are not covered in a separate section. Questions regarding out-of-pocket limits and network providers have been rephrased, with the goal of helping consumers better understand plan terms.

Disclosures

The SBC contains information regarding continuation coverage and grievance and appeal rights. These disclosures have been revised in the updated template. The SBC also contains information on whether the plan provides minimum essential coverage (MEC) and minimum value (MV). This information must be

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provided as a "yes" or "no" answer, along with specific language regarding potential tax consequences for the individual.

Coverage Examples

The SBC includes coverage examples that demonstrate the cost-sharing amounts an individual might be responsible for in three common medical situations. In addition to the current coverage examples that address diabetes care and childbirth, the updated template has a new coverage example that addresses coverage for a foot fracture, to provide information about what a plan covers in an emergency scenario. The page regarding assumptions and other information about the examples has been eliminated.

Instructions

The instructions provide additional information regarding permissible font types and margin adjustments, and note that the SBC must not exceed four double-sided pages. They retain the special rule that, to the extent that a plan's terms cannot reasonably be described in a manner consistent with the template and instructions, the plan or issuer must accurately describe the relevant plan terms while using its best efforts to do so in a manner that is still as consistent with the instructions and template format as reasonably possible.

The instructions also provide additional flexibility under the special rule for combining information on different cost-sharing selections or add-ons to major medical coverage (such as health FSAs, HRAs, HSAs or wellness programs) in one SBC. The information must be understandable if it is combined.

More Information

For more information on the updated SBC template and related materials, such as the instructions for completing the SBC, see the DOL or HHS websites:

- DOL: http://www.dol.gov/ebsa/healthreform/regulations/summaryofbenefits.html
- HHS: https://www.cms.gov/cciio/Resources/Forms-Reports-and-Other-Resources/.

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