

Health Care Reform Management Alert Series



Proposed Changes to SBC Requirements

Issue 89

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This is the eighty-ninth issue in our series of alerts for employers on selected topics in health care reform. (Click [here](#) to access our general summary of health care reform and other issues in this series). This series of Health Care Reform Management Alerts is designed to provide an in-depth analysis of certain aspects of health care reform and how it will impact your employer-sponsored plans.

The Departments of Health and Human Services, Labor, and Treasury (the “Departments”) recently proposed changes to the summary of benefits and coverage (SBC) regulations. These proposed *regulations* would change the SBC template and uniform glossary, and codify certain pieces of interim guidance issued subsequent to the release of final SBC regulations by the Departments in 2012. The Departments are accepting comments on the proposed changes until March 2, 2015 and the changes are scheduled to go into effect for SBCs issued in conjunction with open enrollments beginning on or after September 1, 2015, and for all other SBC distribution events relating to plan years beginning on or after September 1, 2015.

Most notably, the new template SBC is only two and a half double-sided pages long, down from four double-sided pages. The Departments have created space by rearranging and deleting informational material in the template SBC that they deemed to be less useful after surveying consumers. Most of the “Important Information” and “Common Medical Event” rows in the template SBC remain the same.

Despite the overall reduction in SBC length, the SBC will be required to include an additional coverage example going forward describing a hypothetical participant’s costs relating to a simple fracture with an emergency room visit. Also, the SBC must now disclose whether the plan covers abortion services.

Additional changes to the SBC template include:

- Requiring that the SBC disclose whether the plan provides minimum value and minimum essential coverage (previously, plans could include a separate statement outside of the SBC to that effect);
- Updates to take into account items no longer relevant under the Affordable Care Act (e.g., references to pre-existing condition exclusions); and

- Updates to the uniform glossary that must accompany the SBC. An updated template SBC and uniform glossary can be found at the [DOL website](#).

The changes to the regulations also codify various informal, previously issued FAQs regarding a plan sponsor's responsibility to ensure compliance with the SBC rules. The proposed regulations would allow plan sponsors to contract with a third party to take responsibility for SBC compliance as long as the plan sponsor monitors the third party's performance and corrects any noncompliance determined to have occurred, or if it does not have information necessary to correct the noncompliance, communicates with participants and beneficiaries about the noncompliance and takes steps to avoid future violations.

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Seyfarth Shaw LLP Health Care Reform Alert | January 30, 2015

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