

Health Care Reform Management Alert Series

Issue 30

Agency Guidance Suggests Delay in Summary of Benefits and Coverage Effective Date

This is the thirtieth 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 Affordable Care Act requires group health plan sponsors (employers and insurers) to issue participants a short Summary of Benefits and Coverage (SBC) for each benefit package offered, starting March 23, 2012. (To read our alert about the SBC requirement, click [here](#)). While the SBC requirement generally applies during annual enrollment, plan sponsors are also required to provide an SBC upon special enrollment, new hire enrollment, and participant request. As a result, plan sponsors have been concerned that they must prepare SBCs for distribution as early as March 23, 2012.

Applies to grandfathered plans

Applies to new health plans and plans that lose grandfathered status

The proposed regulations on the SBC requirement suggested that final regulations would be issued prior to the initial effective date. Based on the timing of the notice and comment period, however, there was some indication that plan sponsors would only have a month or less to prepare SBCs following the issuance of final regulatory guidance. Many plan sponsors expressed concern that they would be unable to comply with these onerous requirements with such a short turn-around time.

In response to these concerns, on November 17, 2011, the DOL, IRS and HHS jointly issued an FAQ declaring that the final regulations will include an effective date that gives plan sponsors time to ramp-up for compliance. The FAQ included no further indication of when the agencies will issue final regulations or how much ramp-up time will be provided.

In light of this FAQ, plan sponsors may find it better to take a “wait and see” approach. The agency FAQ hints that there may be changes to the SBC requirement in the final regulations, but plan sponsors should be given time to adjust accordingly.

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