

A quick guide to the Summary of Benefits and Coverage (SBC)

Everything you need to know
about SBCs – it's all here

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Summary of Benefits and Coverage (SBC)

What does the health care reform law say about SBCs?

The Affordable Care Act (or health care reform law) requires that all members of fully insured plans receive an SBC.

- The **SBC helps members understand their benefits and coverage** by using simple language and a consistent format. The SBC generally includes:
 - A description of coverage
 - Examples of coverage
 - Appeals and grievance rights
 - Exceptions and limitations
 - Cost-sharing provisions, including the deductible, coinsurance and copays
 - Information on how to renew and continue coverage
 - A phone number to call for questions
 - Website address where the group administrator can view:
 - The group certificate of coverage
 - A uniform glossary and how to get a hard copy of the glossary
 - A list of network providers
 - An overview of prescription drug coverage
- The **requirement applies to:**
 - All group plans, whether they are offered through an exchange or not
 - Fully insured and self-insured plans
 - Grandfathered and non-grandfathered plans*
****Fully insured grandfathered plans and other fully insured plans not actively marketed are not required to issue SBCs until September 23, 2013. However, this exception does not apply to ASO plans that are grandfathered.***
 - Plans must also provide an SBC to **COBRA-qualified beneficiaries**. For more information, see [FAQs About Affordable Care Act Implementation Part VIII, #8](#) published March 19, 2012, by the U.S. Department of Labor.

Effective dates for SBCs

The SBC rules have two different effective dates depending on whether the person is enrolling for the first time or re-enrolling during the annual open enrollment period.

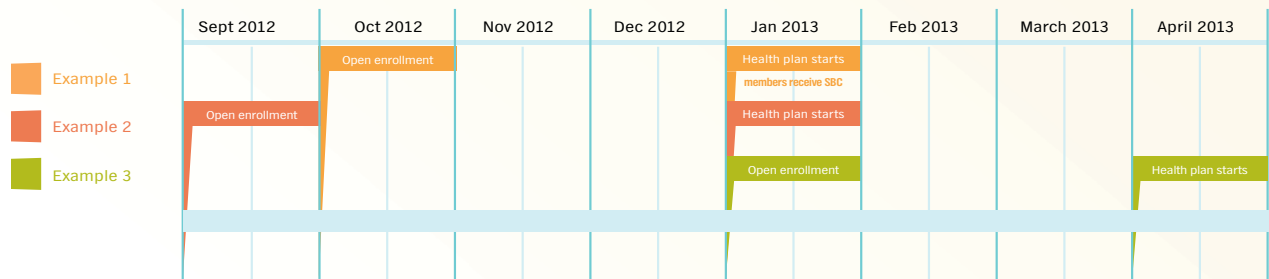
If it's during an annual enrollment period, the SBC rules are effective on the first day of the first annual enrollment period beginning on and after September 23, 2012. The rule applies on the date that the annual enrollment period begins after September 23, 2012, not the date the plan year starts.

If it's not during an annual enrollment period (e.g., newly eligible individuals and special enrollees), the SBC rules are effective for an enrollment on or after the first day of the plan year that starts on or after September 23, 2012.

To help you understand these time frames click on these links:

- [Examples of employers with different plan years and benefit periods.](#)
- [Scenarios for delivering SBCs to members.](#)

Examples of employers with different plan years and benefit periods



- **Example #1:** ABC Company has a health plan year that starts on January 1. Its open enrollment period begins October 1. ABC Company must comply with the SBC for people enrolling or re-enrolling in the annual enrollment period that begins on October 1, 2012 (and each annual open enrollment period after that).
The SBC rules will also apply to all initial and special enrollments that occur on and after the start of its plan year (i.e., on and after January 1, 2013). Members will only receive SBCs with 2013 benefit information.
- **Example #2:** XYZ Company has a health plan that starts on January 1. But unlike ABC Company, XYZ Company's open enrollment begins September 1.
For XYZ, the first annual enrollment period to which the SBC rule will apply is the one beginning September 1, 2013. Members would get SBCs with 2014 benefit information.
- **Example #3:** MNO Company has a plan year that runs from April 1 to March 31, with an open enrollment period from January 1 – January 31, 2013. Members enrolling or re-enrolling during the January open enrollment period will get their 2013 plan year SBCs at that time.
For any newly eligible and special enrollees, the SBC requirements apply beginning on the first day of the plan year occurring on or after September 23, 2012 (i.e., on and after April 1, 2013). We would not be required to give 2012 SBCs to the group members, but we would be required to provide it to the group administrator on request.

Regardless of the group's open enrollment date, on and after September 23, 2012, we must provide the SBC within seven business days of a request by an employer group administrator.

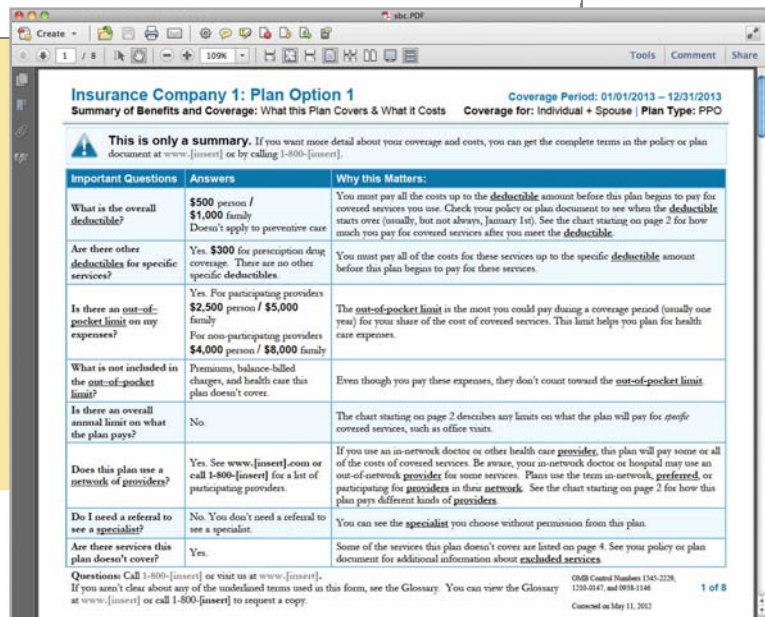
Scenarios for delivering SBCs to members

Scenario	Is member entitled to an SBC during OE in 2012?	When is SBC distributed?	Which plan year benefits are on the SBC?
Enrollment/re-enrollment during open enrollment (for groups)			
Group has open enrollment (OE) starting 10/1/12, and the plan is actively marketed.	Yes. Any member enrolling or re-enrolling during this OE period gets an SBC for the 2013 plan year.	During the plan's OE period or whenever OE materials are distributed by the employer.	2013
Group has OE starting 9/1/12, and the plan is actively marketed.	No	During the plan's first OE period after 9/23/12. This would be 9/1/13 for this group.	2014
Enrollment other than during open enrollment (for groups)			
Group has OE from 9/1/12 to 9/30/12 with a calendar-year plan that begins 1/1/13, and the plan is actively marketed. A new enrollee joins the plan effective 10/1/12.	No	<p>Enrollees are entitled to SBCs as follows:</p> <ul style="list-style-type: none"> Starting on the first day of the plan year after 9/23/12. This would be 1/1/13 for this group. A new enrollee that enrolls prior to 1/1/13 would not be entitled to an SBC. If the employer distributes application materials for enrollment, a new enrollee joining on and after 1/1/13 would be entitled to an SBC with the application materials. If the employer does not distribute application materials, the SBC must be provided no later than the first date on which the participant is eligible to enroll. <p>Special enrollees joining the plan on and after 1/1/13 would be entitled to an SBC within 90 days of their enrollment.</p>	2013
Group has OE from 10/1/12 to 10/31/12 with a calendar-year plan that begins 1/1/13. A new enrollee joins the plan effective 11/5/12.	No	<p>Enrollees are entitled to SBCs as follows:</p> <ul style="list-style-type: none"> Starting on the first day of the plan year after 9/23/12. This would be 1/1/13 for this group. A new enrollee that enrolls prior to 1/1/13 would not be entitled to an SBC. If the employer distributes application materials for enrollment, a new enrollee joining on and after 1/1/13 would be entitled to an SBC with the application materials. If the employer does not distribute application materials, the SBC must be provided no later than the first date on which the participant is eligible to enroll. <p>Special enrollees joining the plan on and after 1/1/13 would be entitled to an SBC within 90 days of their enrollment.</p>	2013
Upon request (for groups)			
On or after 9/23/12, a plan administrator asks for an SBC.	Yes	The SBC must be provided within seven business days after receiving the request.	2012 or 2013
SBC changes between time of application and effective date			
If there are changes in the SBC that was distributed when an enrollee applied for coverage, the plan must update the SBC and provide a current SBC.		The revised SBC must be provided no later than the first day of coverage.	

What does an SBC look like?

The Centers for Medicare & Medicaid Services has a sample SBC on its Center for Consumer Information & Insurance Oversight site.

[Click here to see a sample.](#)



How we will help you

We will create the SBCs

- For **fully insured groups**, we will prepare and provide SBCs to the plan administrator. Employers are responsible for distributing the SBC to plan participants since they are better able to electronically deliver the SBC to their employees and dependents.
- **If you have benefits – such as pharmacy coverage – with another company**, you are responsible for getting this information and including it in the SBC. An online tool will help you build the SBCs to include benefits that we administer as well as carved-out benefits. Groups have the option of preparing separate SBCs for carved-out benefits.

We will translate SBCs

- We are committed to meeting the SBC foreign language translation requirement that goes into effect on September 23, 2012.
- Federal agencies will translate the SBC template, sample language and the uniform glossary into Spanish, Tagalog, Chinese (traditional) and Navajo.
- On request, we will translate an SBC to meet the culturally and linguistically appropriate (CLA) language provision. If at least 10% of a county's population is fluent in a language other than English, we will translate an SBC into that language.
- Similar to the Adverse Benefit Determination requirement that went into effect on January 1, 2012, we intend to offer foreign language help outside of the 10% threshold in counties for the four mandated languages (see above). This will include expanded language options to ensure compliance with all applicable state mandates.

What you need to do

How to access SBCs

Initially, employers can access the SBC through a website. An online tool will allow groups to generate SBCs with information about the benefits we administer and with carved-out benefits provided by another company.

Our account management representative will gladly answer any questions you may have.

Delivering SBCs

As the group administrator, you are responsible for ensuring that all plan participants receive an SBC. (See table on page 4 for when SBCs must be provided.) We will create and electronically deliver the SBC to the group administrator. For fully insured groups, employers are responsible for distributing the SBC to employees and dependents, since they are better able to electronically deliver the SBC in a way that complies with the health care reform law.

You can send a single SBC to an employee and dependents if they live at the same address. If any dependents live at a different location, you must also send them an SBC if you have the dependent's address on file. If you do not have the address on file, you are not obligated to send an SBC to these dependents until requested.

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Sending SBCs electronically

If you use online enrollment or online renewal of coverage, you may provide SBCs electronically to those participants and dependents. If they ask for an SBC online, you can send one to them electronically as well.

If you don't offer online enrollment, then you must meet certain requirements to legally deliver the SBC in an electronic format. For details, see the section below.

Giving SBCs to enrolled members versus newly eligible but not enrolled members

There are different rules for giving the SBC to an **enrolled current member** or to a **newly eligible but not enrolled member**.

For enrolled group members, electronic delivery of the SBC must follow [Department of Labor \(DOL\) rules on electronic disclosure](#).

For members who are eligible, but not yet enrolled in coverage, you may be able to send the SBC electronically if you meet each of these requirements:

- The format is easy to access.
- A paper copy is provided at no charge on request.
- **If an intranet posting (or website) is used**, you must send an e-mail or paper form notice to the employee:
 - Stating the SBC is on the intranet.
 - Identifying the intranet address.
 - Stating the document is available in hard copy, free of charge, if the employee asks.



When to give us your renewal information

The earlier we have your renewal information, the sooner we can produce and send you an SBC. Please work directly with your sales representative to finalize your renewal benefits. Depending on how many plans you offer your employees, this will determine how quickly we will be able to provide you with your final SBCs.

We will need your renewal information to create your SBCs:

- If you hold an open enrollment period during which your employees may enroll in or change their benefit plan, your employees must receive finalized SBCs with the rest of their open enrollment materials but no later than the first day of the open enrollment period. (SBCs are required only if the open enrollment period begins on or after September 23, 2012.)
- If your benefits will renew automatically and no application or paperwork is required by the employees to maintain the coverage they already have, your employees must receive a finalized SBC no later than 30 days prior to your renewal date. (SBCs regulations apply beginning on the first day of the first plan year on and after September 23, 2012.) For example, if your renewal is January 1, 2013, employees must receive an SBC by December 1, 2012.

If you don't send us your renewal information in time, we will renew your benefit plan with your current products, including any mandatory state or federal benefit mandates, and provide an SBC listing these benefits.

If you decide to change your benefits after your renewal, this may be defined as a **material modification**.

In these cases, the change(s) will take effect not less than 60 days from the day you send your employees an updated SBC showing the new benefits.

What is a "material modification"? A material modification is any change to an employee's coverage that he or she would consider as an important change in covered benefits or other terms of coverage.

Here are some examples of changes that would be considered material modifications:

- Enhancing covered benefits or services.
- Reducing or eliminating covered services or benefits.
- Adding stricter requirements to get certain benefits.
- Increases or decreases in copays, deductibles, coinsurance and other costs paid by an employee.
- Creating new requirements for using benefits, such as getting a referral.

What happens if I don't comply with the SBC requirements by September 23, 2012?

There is a fine of up to \$1,000 per consumer when the issuer or plan willfully fails to provide the SBC. Also, the SBC rules authorize the state department of insurance to impose fines in accord with that state's regulations.

If the state fails to act, Health and Human Services (HHS) or the Department of Labor (DOL) can issue a fine of \$100 per day per affected person (this is in addition to the fine mentioned above for willful conduct) until the SBCs are properly issued.

Example: For a 500-member group, if the plan or issuer willfully fails to provide the SBCs for 30 days (and the state regulator fails to act), the fine could amount to **\$2 million**.

Reminder: *The group administrator is responsible for distributing SBCs to plan participants. Failure to comply may result in an employer being fined.*

Useful links

- U.S. Department of Labor, [Affordable Care Act page](#)
- Centers for Medicare & Medicaid Services, The Center for Consumer Information & Insurance Oversight, [Ensuring the Affordable Care Act Serves the American People](#)

