

2016 HR & Benefits Compliance Alert



Agencies Release New Summary of Benefits and Coverage Templates

Health care reform expands ERISA's disclosure requirements by requiring that a summary of benefits and coverage (SBC) be provided to applicants and enrollees before enrollment or re-enrollment. Specifically, an SBC must be provided at open enrollment, initial enrollment, special enrollment or upon request. The SBCs allow health insurance shoppers to more easily make comparisons among available health plans and assist enrollees to better understand and use their own coverage.

The initial templates, instructions, and related materials were published in 2011. After input from a stakeholders group, convened by the National Association of Insurance Commissioners (NAIC) which included consumer testing, an updated set of forms were suggested to the Departments of Labor, Health and Human Services, and Treasury. On February 25, 2016 the departments released a proposed [five page revised SBC template](#), proposed [individual](#) and [group](#) instructions, and a proposed [uniform glossary](#). The documents are currently under a thirty-day comment period. It is anticipated that once changes to the templates are finalized, they will apply in connection with coverage renewing or beginning on the first day of the first plan year that begins on or after January 1, 2017 (including open enrollment periods that occur in the Fall of 2016 for coverage beginning on or after January 1, 2017).

The proposed template includes a new question to better identify first dollar coverage and also requires plans offering family coverage to disclose whether the plan has "embedded" deductibles or out-of-pocket limits, or "non-embedded" deductibles and out-of-pocket limits.

The proposed instructions require the disclosure of tiered networks with more information in the common medical events chart. Plans must make clear which provider tiers are most and least expensive. Also under the proposed instructions, qualified health plans offered through the Marketplaces are required to disclose whether or not they cover abortion services.

The proposed SBC includes three coverage examples: maternity, diabetes, and a simple fracture. It focuses on cost-sharing parameters that would apply to services received for these conditions and on what consumers would spend in cost sharing for these services. The coverage examples are to be calculated by plans that have wellness programs assuming that enrollees are not participating in the wellness program, although the plan can also indicate that costs may be reduced if enrollees do participate.

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