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## Summary of Benefits and Coverage (SBC)

### WHAT IS A SUMMARY OF BENEFITS AND COVERAGE (SBC)?

The SBC is a standard, “plain language” summary of benefits and coverage designed to help consumers better understand their health insurance options and so make informed decisions about their health care coverage. The easy-to-read summary will give plan members and newly-eligible individuals accurate, clear, and consistent information so they can readily compare health plans.

The Departments of Labor, Treasury, and Health and Human Services issued regulations that strictly define the SBC’s format and content — from the size and style of the text, to specific information and wording the SBC must include, to how it is laid out and organized.

***This message includes a sample SBC.***

### WHEN DO THE SBC REQUIREMENTS TAKE EFFECT?

Group health plans must distribute the new SBC document to members **on or after September 23, 2012**. The SBC could be included with information about your next benefit plan year or provided in response to a newly-eligible individual's request.

### WHO IS AFFECTED?

**All self-insured group health plans (plan sponsors)**, fully-insured group health plans, and health insurance issuers (insurers) who issue group or individual plans must comply.

### Are “grandfathered” plans exempt?

**No.** Both non-grandfathered and grandfathered plans must comply on September 23.

### WHO IS RESPONSIBLE TO COMPLY WITH THE SBC REQUIREMENTS?

**For self-funded plans, the plan sponsor is ultimately responsible** to comply with the SBC requirements. The involved Federal agencies can impose penalties of as much as \$1,000 per plan member, per day on a plan sponsor for non-compliance. However, the responsible Federal agencies have indicated that they will not assess penalties during the first year of the requirement if plans make a good-faith effort to comply.

### WHAT MUST BE IN THE SBC?

The SBC must include the following components:

- A description of coverage for certain categories of benefits including in-network and out-of-network benefit levels;
- Uniform definitions of standard insurance and medical terms;

*This communication is not intended to provide either legal or tax advice. Please consult with your legal counsel or professional advisors to determine the effects of the statutes and regulations regarding health care reform on you and your plan members.*

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## *The Affordable Care Act and your self-funded health plan*

- The exceptions, reductions, and limitations of the coverage;
- Prescribed lists of services that the plan does not cover and a brief list of some covered services;
- Prescribed information about the plan member's right to continue coverage and grievance and appeals rights;
- Two specific medical examples — having a baby and managing type 2 diabetes — showing potential member costs based on your plan's benefits;
- Questions and answers about the examples.

In some circumstances, you must also make the SBC available in Spanish, Navajo, Chinese, or Tagalog upon an individual's request.

### **WHEN MUST PLANS GIVE THEIR MEMBERS SBCS?**

Members must receive the SBC for the plan option in which they are enrolled. Newly-eligible individuals may receive any plan option they are eligible to enroll in.

In general, plan sponsors must provide SBCs:

- Within 7 business days after a newly-eligible individual requests one for information or application;
- As part of materials distributed for open enrollment or re-enrollment periods
  - If you change any benefit that appears in the SBC after you distribute your open enrollment material, plan members must get an updated SBC by the first day of the new plan year;
- Along with a summary plan description within 90 days from special (life change) enrollment;
- **At least 60 days before** any mid-year modifications to coverage if the change affects what is in the SBC.

Plans must provide a color or grayscale SBC either in hard copy or electronic form. A prescribed glossary can either be included with the SBC or provided separately.

### **WE ARE READY TO SUPPORT YOUR PLAN'S SBC COMPLIANCE**

Your Independence Administrators account team is ready to collaborate with you, and your Benefit Consultant, to collect and prepare the information for each benefit plan we administer and provide beneficiaries with the required SBCs for plan years, open enrollments, and newly-eligible individuals' requests that occur September 23 or later. **Please see Our Services below and continued on page 3.**

### **OUR SERVICES**

Independence Administrators will provide the following **SBC services at no additional charge** to your plan:

- For each of your plans that we administer, prepare SBCs:
  - on your plan's next benefit renewal;

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- for a benefit change that affects information in the SBC; or
- upon your request.
- Provide you with a copy for your review and obtain your approval before releasing your SBC;
- Give you a PDF (**electronic** format) of each of your approved SBCs;
- Include the PDF either: inside the front cover of *Your Health Plan* (your members' open enrollment/welcome packet plan information); or as a separate document during your open enrollment period and plan anniversary;
- Provide SBCs within seven business days of requests from your plan members or newly-eligible individuals, if you have approved your SBC for distribution;
- Provide a revised SBC 60 days before a mid-year benefit change that affects the SBC, as long as you have provided adequate notice of your benefit change;
- Publish your SBCs on your plan member web portals.

We offer the following **optional services**. Additional costs may apply:

- Provide a supply of **printed** SBCs;
- Mail SBCs to your plan members or newly-eligible individuals;
- Include the required information about prescription, dental, or vision benefits that we do not administer within the SBC for your plans that we do administer. *If you choose this option, you are responsible to provide IA with the needed benefit information for the plans we do not administer. You are also responsible to notify us of any changes to the benefits in the required notification timeframe.*

### HOW CAN YOU HELP ENSURE ACCURATE, ON-TIME SBC DELIVERY FOR YOUR PLAN?

- Plan in advance and provide adequate notice of benefits and changes to ensure updated SBCs are available in time.
- Collaborate in collecting the information needed to prepare accurate SBCs.
- Thoroughly review SBCs we send for your approval, and your Benefit Consultant's approval; approve it by the requested date; and reply using the response tool that we send you.
- **If you or your Benefit Consultant prepares your SBCs, please send us PDF files** of the SBCs so we can support customer service inquiries from your members.

To learn more about how IA can support you in complying with the requirements of the Affordable Care Act, or if you have questions about your plan, **please contact your IA Account Representative.**

