



**WEDNESDAY, AUGUST 24, 2011**

**HEALTH CARE REFORM UPDATE**

**SUMMARY OF BENEFITS AND COVERAGE DOCUMENTS REQUIREMENTS**

On August 22, the Department of Health and Human Services, the Department of Labor, and the Department of the Treasury published a proposed rule under the Patient Protection and Affordable Care Act (PPACA) providing guidance on the requirement that insurance companies and group health plans provide a Summary of Benefits and Coverage and a Uniform Glossary of Terms to eligible participants. The full news release is available at: <http://www.hhs.gov/news/press/2011pres/08/20110817a.html>, and the proposed regulation is posted at: <http://www.gpo.gov/fdsys/pkg/FR-2011-08-22/pdf/2011-21193.pdf>.

The guidance proposes to adopt the recommendations that were developed and submitted by the National Association of Insurance Commissioners (NAIC) for use beginning March 23, 2012. [Comments](#) on the proposed rules will be accepted through October 21, 2011.

**Summary of Benefits and Coverage**

The proposed [Summary of Benefits and Coverage \(SBC\)](#) will include standards intended to ensure that eligible participants understand their coverage and allow them to easily compare their health coverage options. The documents were developed with the goals of balancing effective communication and ease of comparison for consumers. "Coverage Examples" (which have been patterned after the Food and Drug Administration's Nutrition labels) will also be included and are intended to help individuals make an educated cost-benefit analysis and make it easier to find the plan that best fits their needs before purchasing coverage.

Under the rules proposed in the guidance, insurance companies and group health plans must provide consumers with a standard SBC that provides detailed information about a health plan's benefits and coverage. The form summarizes key features of the plan, such as:

- description of the covered benefits,
- cost-sharing provisions such as deductibles and copayments,
- must include coverage limitations and exceptions,
- coverage examples; and
- a statement that the SBC is a summary only and that plan document or policy should be consulted to determine governing provisions.

The coverage examples to be included in the SBC must illustrate what proportion of care expenses a health insurance policy or plan would cover for three common benefits scenarios: having a baby, treating breast cancer, and managing diabetes.

The SBC is required to follow the specific format outlined in the regulations and no variations in format or layout are permitted. Under the proposed regulations, it will be provided as a stand-alone document that does not exceed four double-sided pages using a font no smaller than 12 points. The document must also provide internet addresses for obtaining a list of in-network providers; for more information on prescription drug coverage; to review and obtain the uniform glossary; and premium information. In addition, the SBC must also be provided in a "culturally and linguistically appropriate" manner.

**Uniform Glossary of Terms**

Under the proposed regulations, to allow apples-to-apples comparison of plans, insurance companies and group health plans will be required to make available upon request a [Uniform Glossary of commonly](#)

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[used terms](#) such as “deductible” and “co-pay”. The Uniform Glossary document will also be posted at [www.HealthCare.gov](http://www.HealthCare.gov) and [www.dol.gov/ebsa/healthreform/](http://www.dol.gov/ebsa/healthreform/).

### **Distribution Requirements and Timing**

Eligible participants will receive the SBC along with enrollment materials when they are first eligible to enroll in the health plan, at each plan year renewal, and within seven days of requesting a copy from their health insurance plan or group health plan. The plan must also provide the SBC to individuals enrolling in the plan under a HIPAA special enrollment within seven days of the date they request the special enrollment.

For a health plan with automatic re-enrollment the SBC must be provided to the participant no later than 30 days prior to reissuance or renewal of their health coverage.

If a health plan is amended mid-plan year, individuals enrolled must be notified of any significant changes to the terms of coverage reflected in the SBC at least 60 days prior to the effective date of the change.

The uniform glossary will also be made available upon request.

### **Use of Information Technology and Reducing Burden on Employers and Issuers**

The SBC may be disclosed in either paper or electronic form if the Department of Labor requirements for electronic delivery are met. It may be possible for a plan or issuer to post the Summary of Benefits and Coverage on its website or on HealthCare.gov, or provide it by email.

As your partner, Trion will continue to work closely with you to help you understand how your plans and costs may be impacted by Health Care Reform and what steps you are required to take to comply with the legislation. We hope you continue to find our updates helpful and invite you to share your questions and comments by emailing us at [health.reform@trion.com](mailto:health.reform@trion.com) or calling 610-945-1198. To view past issues of our *Health Care Reform Update*, go to <http://www.trion.com/healthreform>.

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