



## REVISED CLOSE-UP: Summary of Benefits and Coverage (SBC)

December 12, 2011

The Affordable Care Act of 2010 (ACA) requires group health plans and health insurance issuers to provide applicants, enrollees, and policyholders or certificate holders with a summary explaining benefits and coverage for which they are eligible. The SBC must be provided to applicants when they apply, to enrollees prior to enrollment or reenrollment, and to policyholders or certificate holders when policies are issued or certificates are delivered. Generally, the SBC must also be provided upon request.

Initially, the SBC was to be made available beginning March 23, 2012. The regulating departments issued a statement on November 17, 2011 stating that “until final regulations are issued, plans and issuers are not required to comply.” Once issued, “the final regulations will include an applicability date that gives group health plans and health insurance issuers sufficient time to comply.”

### What is “sufficient time to comply”?

At this time, the departments have not issued a definition for “sufficient time to comply.” When the regulations are issued and we have more information, we will update this Close-Up.

### What will the SBC include?

The SBC **must** include:

- A description of the coverage, including cost sharing for each category of the essential health benefits described in the ACA, and other benefits identified by the Department of Health and Human Services (HHS).
- Exceptions, reductions and limitations on coverage.
- Cost-sharing provisions, including deductible, coinsurance and copayment obligations.
- The renewability and continuation of coverage provisions.
- Coverage examples illustrating common benefit scenarios, including pregnancy and serious or chronic medical conditions and related cost sharing. These scenarios are to be based on recognized clinical practice guidelines.

- With respect to coverage beginning on or after January 1, 2014, a statement of whether the plan or coverage provides minimum essential coverage (as defined under the ACA) and whether the plan’s or coverage’s share of the total allowed costs of benefits provided is not less than 60 percent of such costs.
- A statement that the SBC is only a summary and that the plan document, policy or certificate of insurance should be consulted to determine the governing contractual provisions of the coverage.
- Contact information to call for questions and an Internet web address where a copy of the actual individual coverage policy or group certificate of coverage can be reviewed and obtained.

Additional **proposed** elements include:

- For plans and issuers that maintain one or more network of providers, an Internet address (or similar contact information) for obtaining a list of network providers.
- An Internet address for obtaining the uniform glossary of terms commonly used in health insurance coverage.
- For plans and issuers that use a formulary in providing prescription drug coverage, an Internet address (or similar contact information) for obtaining prescription drug coverage.
- Premium information (or in the case of a self-insured group health plan, cost of coverage).

### When must the SBC be distributed?

The answer depends on whether the SBC is being issued to (1) a group or an eligible employee or dependent in the group market, or (2) an individual in the individual market.

#### Group Health Plans

- The SBC must be provided by an insurance carrier within seven days of receipt of a request for coverage information, request for an SBC, or receipt of an application.

- If there has been a change to the most recently provided SBC, such as a change in the premium quote, an updated SBC must be provided by the insurance carrier no later than the date coverage is offered and no later than the first day of coverage as applicable.
- If the group health plan must submit written application materials (paper or electronic) in order to renew coverage, then an SBC must be provided to the group health plan no later than the date the written application materials are provided to the group health plan.
- If written application materials (paper or electronic) are not required to renew, then the SBC must be provided to the group health plan no later than 30 days prior to the first day of coverage.

### Participants and Beneficiaries (Group Health Plans)

- The SBC must be provided to participants and beneficiaries within seven days of receipt of a request for information or a request for an SBC.
- If the insurance carrier or group health plan distributes written enrollment/reenrollment materials (paper or electronic) to participants and beneficiaries, then the SBC must be provided no later than the date enrollment/reenrollment materials are distributed.
- If the issuer or group health plan does not distribute written enrollment/reenrollment materials (paper or electronic) to participants/beneficiaries, then the summary must be provided to participants and beneficiaries:
  - no later than the first day the participant is eligible to enroll in coverage for the participant or any beneficiaries
  - in the case of automatic renewal, no later than 30 days prior to the first day of coverage under the new plan year
- An updated SBC must be provided no later than the first day of coverage, if there is any change to the most recently provided summary before the first day of coverage.
- The SBC must be provided within seven days of receipt of an individual's request to enroll during the plan year or enroll outside of an open enrollment period.

### Individual Products

- An SBC must be provided within seven days of receipt of a request for information or a request for an SBC.
- An updated SBC must be provided upon receipt of an application if an SBC for the relevant coverage

was initially provided and there has been a change in the SBC information.

- If there are further changes to the SBC, an updated SBC must be provided no later than the first day of coverage.
- If coverage is renewed, the SBC must be provided annually no later than 30 days prior to the first day of coverage.
- The SBC must be provided within seven days of receipt of an individual's request to enroll under a special enrollment right during the plan year.

### What format must the summary be in?

The summary of benefits and coverage explanation must be presented in a uniform paper or electronic format, no more than four pages in length, printed in no smaller than 12 point font. The summary must be presented in a culturally and linguistically appropriate manner utilizing terminology understandable by the average plan enrollee and include uniform definitions of standard insurance and medical terms.

### What if the plan or insurer makes benefit changes after providing the summary?

Advance notice of any material modifications in any of the terms of the plan or coverage that are not included in the most recently provided summary of benefits and coverage explanation, **and that occurs other than in connection with a renewal or reissuance of coverage**, must be provided to enrollees no later than 60 days prior to the date on which the modification becomes effective.

***A plan subject to ERISA remains subject to current requirements under ERISA regarding provision of a summary of material modification or a summary of material reduction in covered services or benefits.*** When we have more information about the SBC applicability date and how this provision impacts you, we will update this Close-Up.

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Please note that information contained in this Close-Up is based on our understanding of the Patient Protection and Affordable Care Act of 2010, as amended, and guidance as of the date of this publication.