

Summary of Benefits and Coverage Fact Sheet

To be compliant with the Affordable Care Act (ACA), employers who provide insurance for their employees must provide an accurate summary of benefits and explanation of coverage (SBC) to participating members. Failure to do so will result in up to a \$1,000 fine per enrollee for each failure. There is also a 60-day notice requirement when a health plan or issuer modifies the terms of the plan or coverage.

The information must be presented in a clear and uniform format that helps individuals understand their health coverage. In addition, the SBC has to include coverage examples of common benefit scenarios that help to show the cost of care covered by the plan.

SBC Compliance Checklist—Your SBC Must:

- ▶ Be given to members when they enroll for coverage for the first time and at special enrollment.
- ▶ Be provided to all participants for each new plan year.
- ▶ Be available within seven business days of a request.
- ▶ Include a four page overview of plan benefits, cost sharing and limitations.
- ▶ Have a required set of coverage examples explaining how the plan works.
- ▶ Contain a phone number and internet address for obtaining copies of plan documents.
- ▶ Provide a standard glossary of medical and insurance terms.

Additional Safe Harbors Extended

Regulators are extending the safe harbors and enforcement relief. Penalties will not be imposed on plans that are working “diligently and in good faith” to comply and will allow the following:

- ▶ Modifications to the SBC for plan terms/conditions that do not fit within the SBC requirements as long as the SBC is completed as closely in line with the instructions as possible.
- ▶ Electronic delivery if the SBC is in compliance with ERISA electronic delivery safe harbor.
- ▶ Continued use of the Health and Human Services (HHS) coverage examples calculator.
- ▶ Carve-out benefits to be provided in separate SBCs “until further guidance is issued.”

Action Items for 2014

- ▶ The Summary of Benefits and Coverage for your health plan must note whether the plan provides **minimum essential coverage (MEC)** as required by the individual mandate.
- ▶ It must also state if your plan meets the **minimum value** requirement (**MV**).

Our Commitment to You

HealthSmart is committed to ensuring the SBCs of our clients are in compliance with the Affordable Care Act. We will stay in close communication with our clients as updates are provided by the regulators. For more detailed information on this subject and other aspects of the ACA, please visit HealthSmart.com and click on the Healthcare Reform tab.