

Affordable Care Act Implementation Summary of Benefits and Coverage Reporting Mandate

Beginning September 23, 2012 (for the first open enrollment period beginning on or after this date), all group health plans must issue a uniform plain language summary of benefits and coverage (SBC) to participants and beneficiaries (including COBRA participants) that accurately describes the benefits and coverage provided under the plan¹.

Distribution is the plan sponsor's (employer's) responsibility. If coverage is fully insured, the carrier will provide employer with the SBC. If self-funded, the employer likely will have to negotiate with the carrier to create the SBC.

SBC requirements are numerous and complex² – please seek additional guidance to avoid possible large penalties.

The SBC must be four pages, double-sided, at least 12 point font and be written in plain language. It must also be linguistically and technologically appropriate (criteria specified).

The SBC must provide at least two specific examples detailing plan and patient costs for two scenarios: having a baby by normal delivery; and, managing type 2 diabetes.

SBC delivery may be made electronically (according to specific criteria) if accessible and a paper copy is available on request. If SBC delivery is made by website posting, then participants and beneficiaries must be notified in paper form (e.g. by postcard) of both the website address and the availability of paper copies.

Penalties for noncompliance can be severe: up to \$1000 for each willful failure with additional possible daily penalties of \$100 per day, per affected participant³.

1) <http://webapps.dol.gov/FederalRegister/HtmlDisplay.aspx?DocId=25818&AgencyId=8&DocumentType=2>

2) National Association of Health Underwriters' overview: http://www.nrf.com/modules.php?name=Documents&op=showlivedoc&sp_id=7314

3) Department of Labor has indicated that it will not impose penalties and plans and plan sponsors that are working "diligently and in good faith" to provide the required SBC content.