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Changes to the Summary of Benefits and Coverage Requirement



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The DOL, IRS and HHS have jointly issued a new set of FAQs to address alterations to the Summary of Benefits and Coverage (SBC). Changes to the SBC apply for coverage beginning on or after January 1, 2014 and before January 1, 2015, which is referred to as the “second year of applicability”. In addition to the new FAQs, the regulators have also provided an updated SBC template and sample SBC.

Overview of the Changes

The updated SBC requires information about whether the health plan provides “minimum essential coverage” and whether it satisfies the “minimum value” standard as well.

Even though there are no changes to the SBC template regarding annual limits, there is recognition that for plan years beginning January 1, 2014, annual limits on the dollar value of essential health benefits will be prohibited. The agencies indicate that there will be no enforcement action taken against a plan or insurer that chooses to modify the SBC by removing the entire row containing the question “Is there an overall annual limit on what the plan pays?”

The safe harbor and other enforcement relief have been extended. This has been done to ensure a smooth transition into 2014. This extension on enforcement relief is related to various aspects of SBC compliance, including circumstances in which the SBC may be provided electronically, penalties for failure to provide the SBC or uniform glossary, etc. The enforcement relief applies through the end of the second year of applicability. The agencies will continue to focus on assistance with implementation versus enforcement.

HBI will provide additional updates if there are more changes to the SBC requirement. For now, please refer to the updated FAQs and sample documents at:

<http://www.dol.gov/ebsa/faqs/faq-aca14.html>

Contributor:

Shari Herrle
Henderson Brothers, Inc.
Director of Compliance

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