

Corporate & Financial Weekly Digest

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Details Released Regarding New "Summary of Benefits and Coverage" For Group Health Plans

On August 22, federal government agencies (the Department of Health and Human Services, Department of Labor, and U.S. Treasury Department) published proposed regulations concerning the new mandated "summary of benefits and coverage" (SBC). Beginning March 23, 2012, group health plans (and health insurance issuers) must provide plan participants and beneficiaries with plan information in the form of the new SBC.

FORMAT. The Patient Protection and Affordable Care Act of 2010 mandates a four page summary, but the agencies have interpreted this requirement as four double-sided pages. Thus, the form can extend for eight sides, though the SBC template contained in the regulations is six single-sided pages long.

An SBC must be provided for each benefit package offered by the plan for which the participant or beneficiary is eligible. The SBC must be a stand-alone document, must use specific terminology mandated in the regulations, and its print must not be smaller than 12-point font.

The specific template for the SBC can be found [here](#).

REQUIRED TERMINOLOGY AND EXAMPLES. The regulations mandate the SBC to use specific terms and examples. The required "Coverage Examples" are described as being similar to the 'nutrition facts' label required for packaged foods. The Coverage Examples would illustrate what proportion of care expenses the plan would cover for (1) having a baby, (2) treating breast cancer, and (3) managing diabetes.

TIMING FOR DISTRIBUTION. The SBC must be provided:

- as part of any written application materials distributed for enrollment
- if participants or beneficiaries are required to renew to maintain coverage, when the coverage is renewed. If renewal is automatic, no later than 30 days prior to the new plan year

- to special enrollees (pursuant to the Health and Insurance Portability and Accountability Act special enrollment rights), within seven days of request for enrollment
- as soon as practicable (but no later than seven days) upon request.

The proposed regulations can be found [here](#).

Katten Muchin Rosenman LLP

Charlotte Chicago Irving London Los Angeles New York Washington, DC