



May 21, 2013

Health Care Reform—Change to Summaries of Benefits and Coverage (SBCs) for 2014

On April 23, 2013, the Department of Labor (DOL), Department of Health and Human Services (HHS), and Internal Revenue Service (IRS) (together, the Departments) published an updated summary of benefits and coverage (SBC) **template** for use in 2014, along with new **frequently asked questions (FAQs)** and a **sample completed SBC**. Plan sponsors of group health plans, including health plans of annual conferences and other United Methodist Church employers, can use these templates and the FAQs guidance to update the SBCs for their group health plans ahead of the fall open enrollment season for their employees and plan participants. HealthFlex will make these adjustments to the 2014 SBCs for the HealthFlex plans.

The new SBC template makes only two changes to the previous version, which plan sponsors should have distributed last fall for the 2013 plan year. The required changes add two entries:

1. Whether the plan provides “minimum essential coverage” under the Patient Protection and Affordable Care Act (PPACA or ACA); and
2. Whether the plan provides “minimum value” under the ACA.

Importantly, the FAQs generally extend earlier safe harbors and enforcement relief to 2014, including provisions allowing separate SBCs for carved-out benefits and generous rules for electronic disclosure. This guidance should not impose significant new burdens on plan sponsors for 2014.

Content of New Template SBC

Required by the health care reform law, SBCs provide information about a health plan’s coverage in a standardized, easy-to-compare format. The updated template adds two “Q&A” items to page 4:

Does this Coverage Provide Minimum Essential Coverage?

The Affordable Care Act requires most people to have health care coverage that qualifies as “minimum essential coverage.” **This plan or policy [does/does not] provide minimum essential coverage.**

Does this Coverage Meet the Minimum Value Standard?

The Affordable Care Act establishes a minimum value standard of benefits of a health plan. The minimum value standard is 60% (actuarial value). **This health coverage [does/does not] meet the minimum value standard for the benefits it provides.**

You can read more about minimum essential coverage [here](#), and more about minimum value [here](#). All other elements of the SBC remain the same as the versions plan sponsors created for 2013, including the instructions, glossary and coverage examples.

The Departments have offered plan sponsors flexibility for adopting the revised SBCs for the 2014 plan year. If a plan sponsor would face an administrative burden to add the new provisions because work on the 2014 SBC is too far underway already, the plan sponsor can supply the two added Q&A provisions in a cover letter accompanying the SBC. The Departments also decided that plan sponsors are free to remove the question about overall annual limits from the 2014 SBC, since annual limits will no longer apply to essential health benefits

under the ACA. This option may appeal to plan sponsors struggling with the SBC template's mandated font sizes and page limits.

Timing of New SBC

Plan sponsors first had to distribute SBCs with annual enrollment materials for the 2013 plan year. The new template applies to coverage beginning on or after January 1, 2014, and before January 1, 2015 (the second year of the SBC rule). Calendar-year plans will use the new template this year to prepare annual enrollment materials for the 2014 plan year and for all additional SBC distributions (e.g., to new employees) during 2014. However, any SBCs regarding 2013 coverage, such as distributions to new hires in 2013 or special enrollees, should use the current 2013 version of the SBC.

Safe Harbors and Non-Enforcement

The Departments have extended prior enforcement relief and safe harbors to the second year of SBC applicability, including:

- Regulatory cooperative assistance from the Departments rather than penalties for plan sponsors working diligently and in good faith to comply with the rule,
- Permissive flexible standards for electronic delivery of SBCs, and
- Permission to issue separate SBCs for carve-out arrangements (such as prescription drugs).

Plan Sponsor Considerations

The Departments have made the new guidance friendly to plan sponsors. The changes to the SBCs are not overly complex or burdensome, and the safe harbor and enforcement relief are welcome. In amending their SBCs for 2014 annual enrollment (working with insurers and third-party administrators as necessary), plan sponsors should keep in mind any plan design changes that require changes to their SBCs. For example, a plan sponsor adding an annual out-of-pocket maximum to comply with ACA's **cost-sharing** limits on non-grandfathered plans will need to modify its SBC to reflect that change.

More about SBCs and Other ACA Requirements

You can read more about the regulations that govern SBCs **here** and **here**. The General Board continues to monitor federal health care reform and provide applicable information for annual conferences, local churches and other United Methodist Church employers, as well as information for individuals. We encourage you to check the General Board's **health care reform web page** frequently for updates.

Questions and Information

If you have questions or would like additional information, please send your inquiries to **healthcarereform@gbophb.org**. General information about health care reform is available from the federal government at **www.healthcare.gov**.

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