

FALL RIVER EMPLOYEE BENEFITS



Uniform Summary of Benefits Explained

Go to any car dealership and there's a sticker on every vehicle listing the various features and details for that particular vehicle. Lexus, Audi, Honda, Ford – it's the same every time. Yet when it comes to purchasing insurance, the policy explanations and manner in which they are provided may vary wildly from one plan or insurance carrier to another.

One of the provisions of the Patient Protection and Affordable Care Act (PPACA) mandated changes to provide a more consumer-friendly approach to understanding and comparing coverages. PPACA requires guidance and implementation of these new changes no later than 24 months after enactment, meaning these changes go into effect March 23, 2012. The federal government has declared that it is the responsibility of the insurance carriers and/or third party administrators (TPA) to make these documents available for each plan covered. However, responsibility to distribute them to plan participants (and in the timeline required) will still lie with each employer.

The federal government has jointly issued interim rules on this process, which were released on August 22, 2011. Here's a breakdown of what these new rules mean for you as an employer.

TEMPLATE

A template has been created that must be no more than four double-sided pages and use no smaller than a twelve point font. The template must also include a

1. Summary of Benefits and Coverage (SBC),
2. A glossary of terms, and
3. Coverage examples.

DISTRIBUTION

- ✿ Electronic distribution of the SBC is allowed.
- ✿ If a plan participant and their beneficiary are known to reside at the same address, one SBC is sufficient. However, if the beneficiary's last known address is different from the participant's, a separate SBC must be provided to the beneficiary.
- ✿ Upon implementation, the SBC must be provided on or before the effective date of coverage as part of any plan or other enrollment materials provided.
- ✿ Upon renewal, the SBC must be provided no later than the date that plan



- materials are distributed to participants. If renewal is automatic, the SBC must be provided at least 30 days prior to the renewal date.
- ✿ If a participant requests a SBC at any time and for any reason, one must be provided upon such request within seven days.
 - ✿ The SBC is only required for the plan a participant is enrolled in. However, if multiple plan options are available and it is requested, you must provide the participant a SBC for all plans available to them. In the event of a dual or triple plan, best practice may be to plan for distribution of the SBC on all plans to all participants according to the timeline laid out above.

IMPLEMENTATION

It is our understanding that effective March 23, 2012 this template must be provided to new plan participants as they become eligible on or after that date. Existing plan participants requesting a SBC must also be provided for per the distribution timeline above. All others would receive a SBC accordingly with their employer's next renewal after March 23, 2012.

Pending reviews of the public comments made, we expect the final regulations will be issued soon and we'll have more if they indicate otherwise.

MODIFICATIONS

Any changes to an employer's plan that effects information provided on the SBC must result in a new SBC being provided to each participant no later than 60 days prior to those changes taking place.

LANGUAGE

Verbatim from the interim guidelines:

"A group health plan or health insurance issuer must provide the SBC in a culturally and linguistically appropriate manner. In general, in specified counties of the United States, plans and issuers must provide interpretive services and must provide written translations of the SBC upon request in certain non-English languages. In addition, in such counties, English versions of the SBC must disclose the availability of language services in the relevant language. The counties in which this must be done are those in which at least ten percent of the population residing in the county is literate only in the same non-English language, as determined in guidance."

NON-COMPLIANCE PENALTY

A fine of up to \$1,000 per offense may be levied against any employer who fails to provide a SBC. Each plan participant not provided a SBC is considered a separate offense.