



Health Care Reform: Delayed Compliance Date for Summary of Benefits and Coverage

The Patient Protection and Affordable Care Act (PPACA) adds to the list of necessary health plan disclosures by requiring plans and issuers to distribute a summary of benefits and coverage (SBC) to applicants and enrollees. The SBC is intended to be a relatively short document that provides important plan information in plain language so that health consumers can better understand their coverage options. This disclosure requirement applies to both grandfathered and non-grandfathered plans.

On Aug. 22, 2011, the Departments of Health and Human Services, Labor and Treasury (Departments) issued proposed regulations for the SBC. The proposed regulations include guidance on providing and preparing the SBC as well as a proposed template for the SBC. The SBC regulations are not final. The Departments have indicated that they will likely make changes to the SBC regulations before they are finalized.

On Nov. 17, 2011, the Department of Labor (DOL) issued a set of [Frequently Asked Questions](#) (FAQs) that addresses when plans and issuers must start providing the SBC. The proposed regulations provided that plans and issuers must start providing the SBC by **March 23, 2012**. However, in the FAQs, the DOL delays the compliance date for providing the SBC. The DOL provides that **plans and issuers can wait to start providing the SBC until after the final regulations are released**. Thus, the March 23, 2012 deadline no longer applies.

It is uncertain when the final SBC regulations will be released. **However, according to the DOL, plans and issuers will be given sufficient time after the final regulations are released to get ready for complying with the new requirements.**

This delay is significant because it gives plans and issuers more time to develop the SBC. Also, because plans and issuers can wait until final regulations are released to complete the SBC, they will not need to prepare the SBC based on the proposed regulations only to have to update it later for the final guidance.

DOL FAQ

The following FAQ from the DOL addresses the delayed compliance date:

My plan anticipates that preparation of the summary of benefits and coverage will take several months and require significant resources. In light of the March 23, 2012, proposed applicability date, we are considering moving forward with implementation of the Summary of Benefits and Coverage requirements, using the proposed rules and templates, but are concerned that the final rules and templates will differ from the proposed rules and templates, which would prompt additional implementation costs. What is the timeline for the issuance of future guidance on the summary of benefits and coverage? What actions should my plan be taking now, if any?

The Departments received many comments on the proposed regulations and templates and intend to issue, as soon as possible, final regulations that take into account these comments and other stakeholder feedback.

PHS Act section 2715 provides that group health plans and health insurance issuers shall provide the Summary of Benefits and Coverage and Uniform Glossary pursuant to standards developed by the Departments. Accordingly, until final regulations are issued and applicable, plans and issuers are not required to comply with PHS Act section 2715.

It is anticipated that the Departments' final regulations, once issued, will include an applicability date that gives group health plans and health insurance issuers sufficient time to comply.

As always, we'll keep you posted of significant developments as they occur.

If you have any questions, please contact your HARDEN Employee Benefits Account Manager.