

BREAKING NEWS



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FREQUENTLY ASKED QUESTIONS RELEASED ON HEALTH CARE REFORM'S SUMMARY OF BENEFITS & COVERAGE, FOR 2014 & ANNUAL DOLLAR LIMIT WAIVERS

EXECUTIVE SUMMARY

- Updated SBC template is released for plan years beginning January 1, 2014 to December 31, 2014
- Relief provided for carriers and self-funded plan sponsors already preparing SBCs for the 2014 plan year, based upon the 2013 SBC format
- Existing SBC safe-harbors and enforcement relief extended through the end of 2014
- Expiration dates for annual dollar limit waivers for carriers and group health plans are not effected by plan year changes / extensions



The Departments of Labor (DOL), Health & Human Services (HHS) and Treasury recently issued Frequently Asked Questions (FAQs) addressing the updated Summary of Benefits and Coverage (SBC) template and instructions for plan years beginning on or after January 1, 2014, and before January 1, 2015. Additionally FAQs were released on Annual Dollar Limit waivers for plans considering a change in plan year. Highlights are on the next page.

SUMMARY OF BENEFITS & COVERAGE

Background

- Effective for plan years beginning on or after September 23, 2012, a four-page SBC (along with a Uniform Glossary (UG)) shall be:
 - Provided by carriers of fully insured plans and plan sponsors of self-funded health plans;
 - Clear, consistent and provide comparable information about the health plan benefits and coverage;
 - Provided prior to applying for individual coverage, and prior to enrollment in a group health plan
 - Provided upon special enrollment and thirty days prior to renewal of existing coverage
- Previous templates used for coverage prior to January 1, 2014 did not include required language in the SBC for the following:
 - Whether a plan provided Minimum Essential Coverage (MEC) (as defined under Health Care Reform)
 - Whether the total allowed costs paid by the plan meet the applicable Minimum Value (MV) standard by an employer

ANSWERS TO FREQUENTLY ASKED QUESTIONS

Q1: Where and when can I find the current templates and completed SBCs for 2014?

Templates (and completed sample SBCs) are now available for plan years beginning January 1, 2014 to December 31, 2014.

- See: <http://www.dol.gov/ebsa/healthreform/>
- No changes to the prior year's template formats, other than indicating whether a plan offers MEC or MV

Q2: Is there relief provided to carriers and plan sponsors that have already prepared an SBC for 2014 distribution?

Relief is provided for carriers and self-funded plan sponsors already preparing SBCs for 2014 distribution.

- So long as it is administratively burdensome to add the new MEC/MV data to the template implemented during the prior year
- No enforcement action will be taken against a plan sponsor or carrier, if the SBC is furnished with a cover letter or similar disclosure stating whether the plan provides MEC and MV

Q3: Are there any changes to the prior year SBC template regarding annual limits and essential health benefits?

There are no changes to the second-year template pertaining to annual limits on essential health benefits.

- Plans should continue to include information regarding annual or lifetime dollar limits on specific covered benefits

ANSWERS TO FREQUENTLY ASKED QUESTIONS (CONTINUED)

Q4: Are there any additional coverage examples in 2014?

There are no additional coverage examples for 2014.

- Documents for 2014 plan years continue to require the same two coverage examples:
 - Having a baby (normal delivery); and
 - Managing type 2 diabetes (routine maintenance of a well-controlled condition)

Q5: Are there any SBC safe-harbors and enforcement relief through 2014?

The Departments have extended existing SBC safe-harbors and enforcement relief to apply through the end of 2014.

- For plans, carriers and others that are working diligently and in good faith to understand and comply with the new law, extended relief is granted (i.e., enforcement is delayed) in the following circumstances:
 - The basic approach to implementation of the SBC requirements during the prior year of implementation
 - When an SBC may be provided electronically
 - That penalties for failure to provide the SBC or uniform glossary will be delayed
 - Regarding the coverage examples calculator; and related information related to use of the coverage examples calculator
 - An issuer's obligation to provide an SBC with respect to benefits it does not insure
 - Expatriate coverage
 - The Special Rule contained in the [Instruction Guides for Group and Individual Coverage](#)
 - Medicare Advantage
 - The use of carve-out arrangements (applies "until further guidance is issued" and this relief may be relied upon at least through the end of 2014)

Note: This guidance supersedes any previous sub-regulatory guidance (including FAQs) stating that enforcement relief for the SBC and uniform glossary requirements is limited to the prior year the rules were implemented

Q6: Is the SBC requirement satisfied for student health coverage if another party (e.g., carrier) provides an SBC on behalf of an entity (e.g., college) to an individual?

Anti-duplication rule extended to include student health insurance coverage.

- The requirement to provide an SBC to an individual will be considered satisfied for an entity (such as an institution of higher education) if another party (such as a health insurance issuer) provides a timely and complete SBC to the individual

ANNUAL DOLLAR LIMIT WAIVERS

ANSWERS TO FREQUENTLY ASKED QUESTIONS

Q1: If a group health plan or insurance carrier that was granted a waiver from the annual limits requirements changes its plan year prior to the expiration of the waiver, is the expiration date of the waiver also extended?

No.

- Extending the plan year does not change the waiver expiration date. Annual limit waivers were approved by HHS for the plan or policy year in effect when the plan or carrier applied for the waiver. The same holds true for waiver extensions
- Example: If a waiver approval letter states that a waiver is granted for an April 1, 2013 plan or policy year, the waiver will expire on March 31, 2014, regardless of whether the plan or issuer later amends its plan or policy year. Waiver recipients may terminate the waiver at any time prior to its approved expiration date, for example, on December 31, 2013 rather than on March 31, 2014
- Additionally, HHS requested that each plan or issuer provide its effective dates of coverage as part of its annual limit waiver application, in part so that HHS would have a record of the waiver's expiration date. If there is a discrepancy between the plan or policy year in an original application and a subsequent annual update, HHS may review the waiver to determine whether the group health plan or health insurance issuer is in compliance with HHS's policy on annual limit waivers

ADDITIONAL INFORMATION

Complete details on the above FAQs can be found at: <http://www.dol.gov/ebsa/faqs/faq-aca14.html#footnotes>; and, <http://www.dol.gov/ebsa/faqs/faq-aca15.html>

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