BCLP. Client Intelligent

BenefitsBCLP

SBCS: FEW CHANGES AND (MOSTLY) EXTENDED RELIEF

Apr 29, 2013

On Tuesday, the PPACA triumvirate of DOL, Treasury/IRS and HHS issued a new set of FAQs (number 14, for those still counting) covering changes to the Summary of Benefits and Coverage. The only changes (as emphasized in multiple places in the FAQs) are to add two disclosures:

- Whether the plan provides “minimum essential coverage” (or MEC)

- Whether the plan meets, or does not meet, the “minimum value” requirements.

MEC, simply put, is an employer-sponsored plan that complies with health care reform (whether or not its grandfathered). Minimum value (which is also relevant for play or pay purposes) generally means that the plan’s share of the total allowed costs of benefits provided under the plan or coverage is not less than 60 percent of such costs.

The good news is that the agencies did not add additional coverage examples or otherwise modify the SBC format, even though they had previously said that they would.

The agencies also extended much of the transition relief provided in prior guidance (see Q5). However, there is some question as to whether the transition relief afforded under Q10 of Number IX Set of FAQs, was extended. That FAQ provides, in relevant part, that for the first year only, a group health plan utilizing two or more insured products under a single health plan (as where the plan separately insures medical and prescription drugs) may issue separate partial SBCs for the different insured pieces of the plan. Additional clarification from the agencies would be helpful; however, we think the better interpretation is that this relief from the prior FAQ is extended.

The minimal SBC changes are welcome news for plan sponsors in dealing with this additional disclosure obligation. Plan sponsors should be sure to update their SBC templates for the new disclosures mentioned in the FAQs.

MEET THE TEAM

Lisa A. Van Fleet

St. Louis

lisa.vanfleet@bclplaw.com
+1 314 259 2326
