



SUMMARY OF BENEFITS AND COVERAGE

What is the Summary of Benefits and Coverage (SBC)?

The Summary of Benefits and Coverage provision applies to employees and dependents of domestic group and individual health plans. It applies to all fully insured and self-insured plans, regardless of grandfathered status. It does not apply to Medicare plans or U.S.-issued expatriate plans.

Effective September 23, 2012, health insurers and self-insured group health plans were required to provide a standard Summary of Benefits and Coverage (SBC) document to all individuals enrolling in medical coverage. This includes mid-year enrollment for new employees and those experiencing a special enrollment event, and 'upon request' by other enrollees.

Except for the 'upon request' requirement, the date by which the SBC needs to be provided is actually driven by the enrollment method:

- The SBC must be provided as part of any written application materials that are distributed by the health plan or issuer for enrollment.
- If the health plan does not distribute written application materials for enrollment, the SBC must be distributed no later than the first date the participant is eligible to enroll in health insurance coverage for the participant and any beneficiaries.

In the case of renewal or reissuance, if the issuer requires written application materials for renewal (in either paper or electronic form), it must provide the SBC no later than the date the materials are distributed. If renewal or reissuance is automatic, the SBC must be provided no later than 30 days prior to the first day of the new policy year.

What is a "material modification" and how do employers communicate this to their employees?

A material modification is any change that an average participant would consider an important enhancement or reduction in benefits.

If a material change is made to a health plan during the plan year that is not reflected in the most recent Summary of Benefits and Coverage, a notice must be provided at least 60 days before the effective date of the change.

For example, if a January 1 renewal wants to make a change on February 1, they will need to communicate it on February 1 and make the change effective in April, which thus gives the requisite 60-day advance notice.

Note: This timing applies only to changes that become effective during the health plan year.



Where can an individual customer go to view a sample of the Summary of Benefits and Coverage?

Templates for both the current SBC and new SBC are available at the [Department of Labor website](#).