Proposed Revisions to SBC and Uniform Glossary Modifications

Issue Date: March 2016

On February 22, 2016, the Departments of Labor, Treasury, and Health and Human Services ("the Departments") released proposed updates to the Uniform Summary of Benefits and Coverage (SBC) template, instructions, and Uniform Glossary ("glossary"). The proposed documents build largely on the revised versions first proposed in December 2014; however, they incorporate additional stakeholder feedback—primarily from the NAIC—and the Departments are requesting public comments through the end of March before the documents are finalized.

Background

The Affordable Care Act (ACA) requires that an SBC and an accompanying uniform glossary be provided for all group health plans "to help plans and individuals better understand their health coverage." Plans and issuers must provide an SBC and accompanying uniform glossary to applicants and enrollees, including beneficiaries, at the time of application, enrollment, or reenrollment. The SBC requirement applies to group health plans (both self-insured and fully-insured, and including grandfathered group health plans) and insurers. Certain excepted benefits and retiree-only plans are exempt.

In 2011, the Departments released proposed rules, which were followed in February 2012 by final rules and an accompanying SBC template, instructions, and uniform glossary. In light of these final rules, the requirement to provide an SBC generally took effect for periods beginning on or after September 23, 2012.

On December 22, 2014, the Departments released proposed rules revising the existing requirements, SBC template, instructions, and uniform glossary. The rules were finalized last summer; however, the Departments indicated in an earlier FAQ that, in order to allow for additional stakeholder feedback, the revised SBC template, instructions, and glossary would not be finalized until 2016.

Effective Date

The comment period for these proposed revisions extends through March 28, 2016. These documents are expected to be effective for coverage beginning in 2017.

Plans and issuers must use the full SBC template and must use "best efforts" to describe their plan's terms in a manner consistent with the template and instructions.

Changes to Revised SBC Template, Instructions, & Glossary

SBC Template

The proposed revised template contains several modifications to the existing template:

- The revised template is shorter than the existing version. The Departments have confirmed that the statutory 8-page (4 double-sided pages) limit applies to the *completed SBC*—not to the template itself. This means that the template must be short enough to accommodate the addition of information that won't exceed 8 total pages. (The major edit was in the removal of the "Question and Answers" portion of the Coverage Examples.)
- The disclaimer at the top of the first page now requires that contact information be listed to allow a consumer to obtain a copy of the complete terms of coverage, as well as a telephone number and inclusion of one of two websites (provided in the instructions) for acquiring copies of the Glossary.

- An overall effort has been made to make the template more consumer-friendly. Examples include:
    - A revised description of what the SBC is;
    - A clear statement that information regarding plan premiums will be dealt with elsewhere (i.e., not in the SBC). Premium information is not a required element in the SBC, but plans or issuers may choose to provide premium information at the end of the SBC;
    - Revisions to the "Important Questions" section to better describe what out-of-pocket (OOP) applies; what services the plan covers before the deductible is met; the benefits of using an in-network provider; and to remove some redundant questions;
    - Additional details regarding the consumer's grievances and appeals rights; and
    - A modification to the required language describing minimum essential coverage (MEC) and minimum value (MV) to explain how each is relevant to compliance with the individual mandate and eligibility for premium tax credits).
- An additional Coverage Example ("Simple Fracture") has been added to the two existing examples, and the overall format of the examples has been revised to focus more on the applicable cost-sharing rather than on sample care costs.

Group Instructions

The proposed group instructions contain significant revisions to the existing version. They include:

- Details regarding the ability to combine different cost-sharing levels for different benefit packages, and demonstrating the cost-sharing differentials for certain "add-on" services (e.g., FSAs, HRAs, HSAs, or wellness programs).
- A provision that the SBC may not substitute cross-references to the SPD or other documents for any content element of the SBC, except as specifically permitted in certain sections. Clarifications on plan and coverage year information are included in the SBC.
- Revised format for explaining what services are not covered before the deductible is met.
- Additional language for describing the existence of an embedded deductible.
- Additional instructions with respect to describing different tiers of coverage, formularies, or networks (and any referral requirements), including required language. If plans and issuers combine information for different coverage tiers in the SBC, the coverage examples must use the cost-sharing for the **self-only** tier and should make note of this assumption.
- Clarification that if the plan or issuer is not able to list all exclusions or limitations on the SBC and also comply with the page limit, it must include the *core* exclusions and limitations and include cross-references to the applicable document that fully describes the plan's exclusions/limitations.
- Permission for the plan or issuer to indicate whether abortion services are covered, including instructions on how this information should be displayed.

Uniform Glossary

The glossary contains revisions to existing definitions and a number of additional definitions, including an added reference to "in-network" and "out-of-network" providers (instead of solely using "preferred" and "non-preferred"); definitions for MEC and MV; and cost-sharing definitions.

The instructions specify that any defined terms in the glossary must also be underlined in the SBC, and permit plans and issuers providing electronic SBCs to hyperlink defined terms directly to the glossary, and/or employ hover text applications that would display the term's definition when a reader places their cursor over the term.

Summary
It will be interesting to see how the public and other stakeholders view the revisions. Although several NAIC recommendations appear to have been adopted, the documents as a whole remain closely aligned with the versions proposed in 2014. This is partially due to statutory space limitations, but may also stem from the fact that determining how best to present this level of complex information continues to be objectively less clear.

The proposed template, instructions, and uniform glossary can be found here.