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Agencies Issue New SBC Template and Related Materials for 2021

The United States Department of Labor (DOL) and Department of Health and Human Services (HHS) released a new template for the Summary of Benefits and Coverage (SBC), a plan communication required by the Affordable Care Act for most group health plans. Updated instructions and other related materials have also been issued. Use of the updated materials is required beginning on the first day of the first open enrollment period for plan years beginning on or after January 1, 2021. Relatively few changes have been made to the version that has been in use since 2017. Here are highlights:

Minimum Essential Coverage. The SBC entry regarding minimum essential coverage has been revised to reflect the elimination of the individual shared responsibility (individual mandate) penalty. Instead of providing that individuals without minimum essential coverage may have to make a payment, the description now states that individuals eligible for certain types of minimum essential coverage may not be eligible for a premium tax credit. It also summarizes the types of coverage that may constitute minimum essential coverage.

Minimum Value. The entry indicating whether the plan provides minimum value now includes “not applicable” (in addition to yes and no) as an answer option and explains—even on the SBC template for group coverage—that the concept of minimum value is not relevant for individual coverage.

Coverage Examples. The instructions for completing the coverage examples include new guidance on the interaction between the cost-sharing amount and out-of-pocket maximum when applying the permitted rounding rules. Also, the coverage examples in the new template reflect standardized data provided by HHS.

Uniform Glossary. References to the individual mandate (which no longer applies) have been eliminated from the uniform glossary.

Unlike the last update of SBC materials, these items were not circulated in proposed form before finalization. Perhaps this is because the SBC is now well-established, and the changes relate primarily to the elimination of the individual mandate penalty. Note that although the individual mandate penalty has been eliminated beginning in 2019, the new template is only for use beginning with the 2021 plan year. You can access the new materials here:

Centers for Medicare and Medicaid Services:

https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/index#Summary_of_Benefits_and_Coverage_and_Uniform_Glossary

U.S Department of Labor - Employee Benefits Security Administration:

<https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/summary-of-benefits>

Please visit www.moreton.com/category/compliance-updates/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company's in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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