

The Affordable Care Act's Summary of Benefits and Coverage: What Employers Need to Know for 2017

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If you are an employer grappling with the multiple provisions of Obamacare (aka officially, the Affordable Care Act), just imagine how difficult it must be for an employee trying to navigate these complex regulations to make the all-important decision about obtaining healthcare coverage for themselves and possibly their families. In an attempt to make it easier for employees to choose, the Act imposes the additional requirements on employers in the form of the "Summary of Benefits and Coverage" or SBCs. Therefore, it's critical for employers offering health insurance coverage to be aware of what SBCs are and what an employers' responsibilities are in providing this information to employees.

What are SBCs?

SBCs are intended to be a mechanism for individuals to easily compare information about different insurance plans' coverage and the various options available. SBCs highlight key characteristics of plans, such as the benefits covered, deductible amounts, and copay and/or coinsurance requirements. SBCs are meant to be short and easy-to-read so that they can be readily understood by consumers.

SBCs can be a useful tool for employers in deciding which plans to offer to employees. They are also helpful for employees to compare plans offered by the employer and choose the plan that best serves their needs.

What are the employer requirements for SBCs?

Employers need to obtain SBCs from their health insurance providers and distribute them to their employees (or confirm that the provider has distributed the SBCs to the employees). Specifically, SBCs should be provided to an employee:

1. When he/she is initially selecting/enrolling in a plan;
2. When he/she is re-enrolling in a plan (if reenrollment is automatic, SBCs must be provided no later than 30 days before the new plan year begins, but if an application is required to re-enroll, SBCs should be distributed with the application);
3. When changes are made to the plan; and
4. When he/she requests a copy of the SBC.

If SBCs are not distributed, both the insurer and the employer can be subject to a penalty.

What's new for 2017?

A new template for SBCs has been created and should be used by insurance providers in 2017. While the new template is very similar to previous versions, some of the terminology has been changed and more coverage examples are provided.

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