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# Brief Notes

News for Brokers and Consultants

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**Applies to:** All markets

## Federal health care reform laws require a standard Summary of Benefits and Coverage

Both the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 require a Summary of Benefits and Coverage document that accurately describes the benefits and coverage of a health care plan. The purpose of the requirement is to help employers and individuals better understand their coverage options.

Attached for your reference is a fact sheet on the Summary of Benefits and Coverage.

If you have any questions, please contact your Horizon Blue Cross Blue Shield of New Jersey Sales Representative or Account Manager.

Horizon BCBSNJ is making it easier for our members to find new health care professionals who have joined one of our networks in the last 30 days. Visit **www.HorizonBlue.com/Directory** and click *See who recently joined the network* to learn more.

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# Ready for Health Care Reform

**From the Office of Health Care Reform** **April 5, 2012**

**Topic:** Summary of Benefits and Coverage

## Overview

The Affordable Care Act (ACA)[1] requires the creation of clear standards for a Summary of Benefits and Coverage document that "accurately describes the benefits and coverage under the applicable plan or coverage.[2]" The purpose of the requirement is to help employers and individuals better understand their coverage options.

## About the requirement

- **Compliance date**: Plans beginning and renewing on and after September 23, 2012.

- **Applies to:** Insured and self-insured group health plans (e.g., employer and union-sponsored plans) and to health insurers that issue group and individual coverage.

- **The document needs to be issued:**
  - At the time a policyholder is shopping for coverage.
  - Upon application when:
    - Groups submit their applications.
    - Individual policyholders apply for individual coverage.
    - Employees submit their application for enrollment.
  - On renewal or re-issuance.
  - On request.
  - On the first day of coverage, if the benefits have changed from the Summary of Benefits and Coverage at the time of application.

- **Who receives the Summary of Benefits and Coverage and who issues it:** Applicants, enrollees and policyholders or certificate holders receive the document. The health insurer issues it for insured business.

Based on Horizon Blue Cross Blue Shield of New Jersey's analysis of the final rules, the company is not required to produce Summary of Benefits and Coverage for administrative services only (ASO) plans, when Horizon BCBSNJ serves as a third-party administrator.

On renewal and application, the document is limited to one per household for family members located at the same residence. Dependents may request and receive a copy, even if they live at the same address.

- **Format and contents of the document:**
  - A uniform glossary of standard definitions for a minimum list of insurance-related and medical terms. The glossary can be online, if a helpline telephone number is available.
  - Must use the Summary of Benefits and Coverage template forms as instructed in the regulation and User Guides.
  - Follows the same non-English language rules found in the External Appeals Regulation. The Departments of Health and Human Services and Labor have provided translations of the template, sample language, and the uniform glossary in Spanish, Tagalog, Chinese and Navajo.
  - Includes coverage examples.

*(Continues)*

[1] The Affordable Care Act is the combination of the Patient Protection and Affordable Care Act (PPACA), P.L. 111-148, enacted on March 23, 2010, and the Health Care and Education Reconciliation Act of 2010 (HCERA), P.L. 111-152, enacted on March 30, 2010.
[2] P.L. 111-148 § 2715(a)

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### *Summary of Benefits and Coverage continues*

*About the requirement continues*

- Electronic delivery:
  - For participants and beneficiaries covered by a group health plan, they may receive an electronic version of the Summary of Benefits and Coverage under conditions outlined by the U.S. Department of Labor.
  - For participants and beneficiaries who are eligible but not enrolled in coverage, they can receive a Summary of Benefits and Coverage electronically, if the document can be easily accessed and a paper copy is provided free of charge on request.
  - If the electronic document is posted on the Internet, the insurer or issuer must let individuals know via a paper notice (such as a postcard) or e-mail that the Summary of Benefits and Coverage is on the Internet, provide the Internet address and tell individuals that the documents are available in paper form on request.

- Premium language: The final rules do not require premium language.

- Penalty: There is a $1,000 penalty per enrollee for failure to provide a Summary of Benefits and Coverage as required.

## External resources

- The U.S. Department of Health and Human Services: www.hhs.gov/news/press/2012pres/02/20120209a.html

- The U.S. Department of Labor: webapps.dol.gov/FederalRegister/HtmlDisplay.aspx?DocId=25818&AgencyId=8&DocumentType=2

## Impact to Horizon BCBSNJ and its customers

- **Financial:** Horizon BCBSNJ is required to provide Summary of Benefits and Coverage and uniform glossaries for all benefit options in the commercial market, beginning September 23, 2012. This will result in significant administrative costs.

- **ASO market:** Based on Horizon BCBSNJ's analysis of the final rule, the company is not required to produce Summary of Benefits and Coverage for administrative services only (ASO) plans, when Horizon BCBSNJ serves as a third-party administrator. However, the marketplace and the U.S. Departments of Health and Human Services and Labor may presume that providing Summary of Benefits and Coverage be delegated to administrators, such as Horizon BCBSNJ.

  **Please note:** Horizon BCBSNJ is evaluating the impact of the changes in the final rule, including our ability to provide this service to self-insured plans.

- **Meeting the implementation timeline**: Although the final rules extend the timeline for Summary of Benefits and Coverage compliance from March 23, 2012 to September 23, 2012, the new deadline is still tight for the company to meet. Horizon BCBSNJ is making a good faith effort to meet this regulatory deadline.

  **Please note:** The Blue Cross and Blue Shield Association is urging the U.S. Departments of Health and Human Services and Labor to extend the compliance time frame to fall 2013, which would align with the initial open enrollment period for the exchanges.

*The information included in this document may be subject to change at any time as laws and regulations and related guidance are issued by state and federal agencies.*