



## LEGISLATIVE BRIEF

# Health Care Reform – Health Plan Summary of Benefits and Coverage

The Patient Protection and Affordable Care Act (PPACA) requires health plans and health insurance issuers to provide participants with a summary of benefits and coverage no later than **March 23, 2012**. The summary of benefits and coverage does not replace any required disclosure documents for group health plan coverage, such as the summary plan description (SPD). Rather, it adds to the list of required participant disclosures. Both non-grandfathered and grandfathered plans will need to provide summaries of benefits and coverage.

PPACA directed the Secretary of Health and Human Services (HHS) to develop standards for the summary of benefits and coverage by March 23, 2011. However, HHS has not yet released guidance. Once HHS issues its guidance, plan administrators and issuers will need to work on developing summaries of benefits and coverage to start delivering to plan participants by March 23, 2012. For now, PPACA provides some general parameters for the summary of benefits and coverage.

This Kapnick Insurance Group Legislative Brief summarizes PPACA's standards for the health plan summary of benefits and coverage.

### **SUMMARY REQUIREMENTS**

Health insurance issuers and plan administrators of self-insured plans must provide the uniform summary of benefits and coverage on paper or electronically at the following times:

- To an applicant at the time of application,
- To an enrollee prior to the time of enrollment or reenrollment; and
- To a policyholder or certificate holder at the time of issuance of the policy or delivery of the certificate.

To create uniformity, PPACA provides the following standards for the summary of benefits and coverage.

#### *Appearance*

The summary of benefits and coverage is to be relatively short; it cannot be longer than four pages. Also, the print must be at least 12-point font.

#### *Language*

The uniform summary of benefits and coverage must be presented in a culturally and linguistically appropriate manner. It also must use terminology that average enrollees can understand.

#### *Contents*

The uniform summary of benefits and coverage must contain the following provisions:

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- Uniform definitions of standard insurance and medical terms.
  - At a minimum, the following insurance related terms that must be defined: premium; deductible; coinsurance; copayment; OOP limit; preferred and nonpreferred provider; out-of-network copayments; UCR fees; excluded services; and grievance and appeals.
  - At a minimum, the following medical terms must be defined: hospitalization; hospital outpatient care; emergency room care; physician services; Rx drug coverage; DME; home health care; skilled nursing care; rehabilitation services; hospice services; and emergency medical transportation.
- A description of coverage, including cost-sharing for each of the categories of essential benefits (and other benefits identified by HHS).
- Exceptions, reductions and limitations on coverage.
- Cost-sharing provisions.
- Renewability and continuation of coverage provisions.
- A “coverage facts label” that includes examples to illustrate common benefits scenarios, including pregnancy or chronic medical conditions and related cost-sharing (with scenarios based on recognized clinical practice guidelines).
- A statement of whether the plan provides:
  - Minimum essential coverage; and
  - Ensures that the plan’s share of total allowed costs is not less than 60 percent.
- A statement that the outline is a summary of the policy and that the coverage document itself should be consulted for contractual provisions.
- A contact number for consumers and a Web address where a copy of the actual coverage policy or certificate of coverage can be reviewed and obtained.

## ADDITIONAL PROVISIONS

PPACA requires all plans to give **at least 60 days advance notice** of any material modification in plan or coverage not reflected in most recent summary.

PPACA also establishes penalties for willfully not providing the uniform summary of benefits and coverage as described above. The penalty is **up to \$1,000** for each failure to provide the summary.

Kapnick Insurance Group will continue to monitor health care reform developments and will provide updated information when HHS releases guidance on the uniform summary of benefits and coverage.