

# Summary of Benefits and Coverage Requirements and Distribution



Learn about the requirements for the Summary of Benefits and Coverage (SBC), including when and how it must be provided to participants and beneficiaries.

## SBC Requirements

The SBC requirement applies to all group health plans offered to current employees that are not considered excepted benefits. Excepted benefits include plans that provide benefits for dental or vision only, as well as most health care flexible spending accounts (FSAs). SBCs are required for all major medical plans, most health reimbursement arrangements (HRAs), and non-excepted health care FSAs (where the employer contributes more than a 100% matching contribution or \$500, whichever is greater). Refer to [www.dol.gov](http://www.dol.gov) for more details on SBC Guidelines and Regulations.

The SBC was developed with major medical plans in mind and is a four page, double-sided document that has a standard format. The document contains information about covered benefits, cost sharing, and exclusions. Refer to the SBC Uniform Glossary at [www.healthcare.gov/SBC-GLOSSARY](http://www.healthcare.gov/SBC-GLOSSARY) for the definitions of terms used in the SBC.

The Department of Health and Human Services has the right to impose civil monetary penalties on a plan for failure to provide an SBC and the penalty amount is indexed annually for inflation. These penalties are assessed on each failure to provide the document and can add up quickly, meaning penalties for failing to issue an SBC for one plan will be multiplied by the number of eligible plan beneficiaries.

For self-insured plans, the SBC must be provided by the plan sponsor (employer). The SBC for an HRA can be separate or combined with the SBC for an existing major medical plan if the HRA is integrated. Most group health carriers who do not administer HRA claims issue an SBC for the medical plan only and the employer issues a separate SBC for the HRA.

## The SBC for Your HRA

We provide the SBC to our affected HRA clients and the employer is responsible for distributing it to the required individuals at the specified times. The SBC template for HRAs reflects the standard format for plan years beginning on, renewing on, or renewing after January 1, 2021.

- Access the SBC for your HRA in your employer online account at [www.ebcflex.com](http://www.ebcflex.com)
- In the main menu, select *EBC HRA* from the Plan Information section
- Select the appropriate plan year
- Scroll down to the *What is the Summary of Benefits and Coverage* section
- Click *Download Summary of Benefits and Coverage*

## When to Provide the SBC

Now is an excellent opportunity for you to review your distribution procedures to ensure that the SBCs are getting into the right hands at the right time. Employers must provide an SBC to participants, beneficiaries, and COBRA continuants for each benefit they are eligible for in these situations:

- **Upon application.** If a plan (including a self-insured group health plan) distributes written application materials for enrollment, the SBC must be provided as part of those materials. For this purpose, written application materials include any forms or requests for information that must be completed for enrollment, whether on paper or electronic. If the plan does not distribute written application materials for enrollment, the SBC must be provided no later than the first date on which the participant is eligible to enroll in coverage.
- **By first day of coverage** (if there are any changes). If there is any change to the SBC that was provided upon application prior to the first day of coverage, the plan or issuer must update and provide a current SBC no later than the first day of coverage.
- **Special enrollment.** The SBC must be provided to special enrollees no later than the date on which a summary plan description is required to be provided (90 days from enrollment).

- **Upon open enrollment.** If a plan requires participants and beneficiaries to actively elect to maintain coverage or provides them with the opportunity to change coverage options in an open enrollment season, the plan or issuer must provide the SBC at the same time it distributes open enrollment materials.

If there is no requirement to renew (sometimes referred to as an evergreen election) and no opportunity to change coverage options, renewal is considered to be automatic and the SBC must be provided no later than 30 days prior to the first day of the new plan or policy year.

- **Upon request.** The SBC must be provided upon request for an SBC or summary information about the health coverage no later than seven business days following receipt of the request.
- **Middle of the plan year changes.** If the maximum amount paid by your plan changes mid-plan year, you must provide a notice of material modification (i.e., an updated SBC) to enrollees no later than 60 days prior to the effective date of the change. EBC updates your SBC as soon as we receive information of the plan change via our standard plan amendment process. The plan is responsible for notifying participants and beneficiaries of the change.

## How to Distribute the SBC

To meet SBC distribution requirements, the plan:

- May provide the SBC to the participant on behalf of the beneficiary, unless the plan has knowledge of a separate address for a beneficiary, in which case a separate SBC must be provided.
- May provide the SBC to a participant or beneficiary in paper format or use electronic methods (like a website, intranet, or email) while meeting the following electronic distribution criteria.

### Electronic Distribution if Your Open Enrollment is Online

You may electronically provide the SBC with your online enrollment as long as the individual has the option to receive a paper copy upon request at no charge.

### Electronic Distribution if Your Open Enrollment is Not Online

Your SBC distribution requirements depend on whether the individual is currently enrolled in the plan.

For participants and beneficiaries who are currently covered under the plan: The SBC may only be provided electronically if you meet the Department of Labor's disclosure regulations at 29 CFR 2520.104b-1. For more information on this requirement, refer to [www.ebcflex.com/ERISADisclosures](http://www.ebcflex.com/ERISADisclosures).

For participants and beneficiaries who are eligible but not enrolled for coverage: The SBC may be provided electronically if:

- The format is readily accessible (e.g., html, MS Word)
- The SBC is provided free of charge in paper form upon request
- The plan lets participants and beneficiaries know that the SBC is available and provides the URL in a timely fashion, which may be via email (sometimes referred to as the "e-card" or "postcard" requirement)