



# Health care reform update

## Summary of benefits and coverage guide for fully-insured employer plans

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For more information about the summary of benefits and coverage, contact your broker or Kaiser Permanente account representative, or visit the U.S. Department of Labor website or the U.S. Department of Health and Human Services website.

## What is the Summary of Benefits and Coverage?

Under the Affordable Care Act (ACA), health insurers and employer groups must provide a summary of benefits and coverage (SBC) to participants and beneficiaries (generally employees and dependents). SBCs must follow standards set forth by the federal agencies.

The mandate becomes effective on or after September 23, 2012, and applies to all group and individual plans (insured or self-funded, grandfathered or non-grandfathered) except:

- Retiree plans that have fewer than two current employees
- Health Insurance Portability and Accountability Act (HIPAA) excepted benefits, such as standalone dental or vision plans
- Closed insured plans (SBCs will not be required for these plans until September 23, 2013)
- Medicare plans
- Medicaid plans (unless otherwise required by state law)
- Federal Employees Health Benefits Program, except as required by the Office of Personnel Management (OPM)

The SBC helps eligible employees and dependents understand their benefits and coverage by using simple language in a consistent format. The SBC includes brief summaries of:

- Covered services
- Examples of coverage
- Appeals and grievance rights
- Exceptions and limitations
- Cost-sharing provisions, including any deductible, coinsurance and copayments
- Continuation coverage

The SBC also contains a phone number to call for questions and the website address where the uniform glossary can be found.

## When does the SBC mandate go into effect?

The SBC rules have two different effective dates depending on whether the participant or beneficiary is enrolling or re-enrolling during an annual open enrollment period.

- **If it's during an annual enrollment period**, the SBC rules are effective on the first day of the first annual enrollment period beginning on or after September 23, 2012. Note that the relevant date is the first day of the open enrollment period, not the first day of the plan year.



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- **If it's not during an annual enrollment period** (e.g., newly eligible individuals and special enrollees), the SBC rules are effective on the first day of the first plan year beginning on or after September 23, 2012.

### What does an SBC look like?

The first page of the SBC looks like this; the entire sample SBC can be found on [businessnet.kp.org](http://businessnet.kp.org).

**Kaiser Permanente : CA HMO Plan 1** Coverage Period: 01/01/2013 – 12/31/2013  
 Summary of Benefits and Coverage: What this Plan Covers & What it Costs Coverage for: Individual + Family | Plan Type: HMO

**!** This is only a summary. If you want more detail about your coverage and costs, you can get the complete terms in the policy or plan document at [www.kp.org](http://www.kp.org) or by calling 1-800-464-4000.

Important Questions	Answers	Why this Matters:
What is the overall deductible?	\$ 0	See the chart starting on page 2 for your costs for services this plan covers.
Are there other deductibles for specific services?	\$ 0	You don't have to meet <b>deductibles</b> for specific services, but see the chart starting on page 2 for other costs for services this plan covers.
Is there an <u>out-of-pocket limit</u> on my expenses?	Yes. Individual \$ 2,500 / Family \$5,000	The <b>out-of-pocket limit</b> is the most you could pay during a coverage period (usually one year) for your share of the cost of covered services. This limit helps you plan for health care expenses.
What is not included in the <u>out-of-pocket limit</u> ?	Premiums, prescription drug copayments, durable medical equipment cost sharing, and payments for health care this plan does not cover	Even though you pay these expenses, they don't count toward the <b>out-of-pocket limit</b> .
Is there an overall annual limit on what the plan pays?	No	The chart starting on page 2 describes any limits on what the plan will pay for specific covered services, such as office visits.
Does this plan use a network of providers?	Yes, For a list of plan providers, see <a href="http://www.kp.org">www.kp.org</a> or call 1-800-464-4000	If you use an in-network doctor or other health care provider, this plan will pay some or all of the costs of covered services. Be aware, your in-network doctor or hospital may use an out-of-network provider for some services. Plans use the term in-network, preferred, or participating for providers in their network. See the chart starting on page 2 for how this plan pays different kinds of providers
Do I need a referral to see a specialist?	Yes	This plan will pay some or all of the costs to see a specialist for covered services but only if you have the plan's permission before you see the specialist.
Are there services this plan doesn't cover?	Yes	Some of the services this plan doesn't cover are listed on page 4. See your policy or plan document for additional information about excluded services.

**Questions:** Call 1-800-464-4000 or visit us at [www.kp.org](http://www.kp.org). If you aren't clear about any of the underlined terms used in this form, see the Glossary. You can view the Glossary at [www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf](http://www.dol.gov/ebsa/pdf/SBCUniformGlossary.pdf) or call 1-800-464-4000 to request a copy.

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### Responsibility for providing SBCs

Kaiser Permanente and employer groups are each responsible for providing SBCs to plan participants and beneficiaries (generally eligible employees and dependents), but if one entity provides the SBCs then the other is not required to. While Kaiser Permanente will support you by producing SBCs, Kaiser Permanente is relying on you to provide the SBCs to your eligible employees and dependents. Kaiser Permanente will provide SBCs when we receive requests from members.

It will be important for you to work closely with your Kaiser Permanente account representative to finalize your plan's benefits early in the new business or renewal cycle in order to meet the SBC deadlines.



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- For plans with carve-out benefits (such as a drug benefit administered by a company other than Kaiser Permanente), Kaiser Permanente will provide SBCs only for the Kaiser Permanente coverage.

### **Kaiser Permanente's responsibility**

#### **We will create the SBCs**

- We will prepare and provide SBCs to the group. Groups are responsible for providing the SBC to employees and dependents. This is because groups are better able to distribute SBCs electronically to their employees and dependents and have access to all eligible employees (whereas we have access only to Kaiser Permanente members).
- **If you have benefits—such as pharmacy coverage—with another company**, this information will not be included in the SBC we will provide to you.

#### **We will provide translations of SBCs**

- We are diligently working to meet the SBC foreign language translation requirements, but we will not be ready on September 23 to provide written translations of SBCs. We believe that this is consistent with the temporary enforcement safe harbor (see page 7).
- We will provide oral translation support for SBCs in required languages (Spanish, Tagalog, Chinese [traditional] and Navajo), beginning on September 23, 2012.

### **Employer group responsibility**

Once Kaiser Permanente prepares and provides SBCs to the group, we will rely on you to provide the SBCs to your eligible employees and dependents, including those eligible for COBRA (see “Scenarios and trigger events on or after September 23, 2012” on page 7 for when SBCs must be provided).

You can provide a single SBC to an employee and dependents at the employee's last known address, but you must provide a separate SBC to any dependents whose last known address differs from the employee's.

Groups can provide paper copies of SBCs. In addition, the law permits groups to provide SBCs electronically as follows:

- In connection with online enrollment or online renewal (though a paper copy must be available upon request).
- When a participant or beneficiary make an online request for an SBC (though a paper copy must be available upon request).
- To participants and beneficiaries who are already covered under the plan, if you meet the requirements of the ERISA regulation governing electronic distribution of benefits material



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- To participants and beneficiaries who are eligible for but not enrolled in coverage, if you meet the following requirements:
  - The format must be readily accessible (for example, HTML, MS Word, or PDF).
  - You must provide a paper SBC upon request.
  - If you provide SBCs by posting them on the Internet, you must give timely notice to eligible employees and dependents that the SBC is available on the Internet, provide the Internet address, and notify the person that a paper SBC is available upon request.
- If you meet the requirements that apply to electronic provision of individual coverage SBCs set forth at 45 CFR 147.200(a)(4)(iii).

## SBC distribution by line of business

### Small Business Groups (2-50 eligible employees)

Beginning September 23, 2012, SBCs for small business plans will be posted on **businessnet.kp.org** and available to both prospective and renewing small groups. Small groups are responsible for:

- Downloading the appropriate SBC(s) from **businessnet.kp.org**
- Filling in the “coverage period” (the first and last dates of the coverage year, e.g., 01/01/2013 - 12/31/2013) for the plan at the top of the SBC. This is a temporary solution; we are diligently working on providing on a solution that will automatically fill in the coverage period.
- Providing the completed SBCs to eligible employees and dependents

We will provide a separate SBC for each Kaiser Permanente benefit plan you have in each state or Kaiser Permanente region. For example, if you have two plans in three regions, we will provide you with a total of six SBCs. If you have contracts with both our Northern California and Southern California regions, we will provide one California SBC per plan.

We will provide you with an SBC for plans for which coverage is provided by Kaiser Permanente. **If you have benefits—such as pharmacy coverage—with another company**, this information will not be included in the SBC we provide to you.

### New application

Our small business new group application will direct groups to **businessnet.kp.org** to download the applicable SBCs.

### Renewal

Our small business renewal documents will direct groups to **businessnet.kp.org** to download the applicable SBCs.



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### **Material modification (off-cycle plan changes)**

Small business groups that meet certain requirements may opt to make an off-cycle plan change not later than 120 days before the effective date of the renewal contract. Material modifications must be communicated to all members 60 days in advance of the change.

### **Large groups (51+ eligible employees)**

We will provide a separate SBC for each Kaiser Permanente benefit plan you have in each state or Kaiser Permanente region. For example, if you have two plans in three regions, we will provide you with a total of six SBCs.

We will provide you with an SBC for plans for which coverage is provided by Kaiser Permanente. **If you have benefits—such as pharmacy coverage—with another company**, this information will not be included in the SBC we provide to you.

### **New application**

We will mail a paper copy of the SBC to the group and we will provide an electronic copy on request.

### **Renewal**

- If you would like to make changes to your existing plan, then we will need your group's final benefit election at least 60 days before you need the SBC for your open enrollment. This will help ensure you receive the appropriate SBC and avoid unnecessary duplication or delays in supporting your open enrollment timelines.
- You must now include the SBC as part of your group's open enrollment materials.
- We will mail a paper copy of the SBC to the group and we will provide an electronic copy on request.

### **Material modification (off-cycle plan changes)**

- Large groups that meet certain requirements may opt to make an off-cycle plan change not later than 120 days before the effective date of the renewal contract. Material modifications must be communicated to all members 60 days in advance of the change.

### **Modifying the SBC that Kaiser Permanente provides**

- If we provide you with an electronic copy of an SBC, we will provide it in a secure, non-editable PDF format to ensure the integrity of the SBCs produced by Kaiser Permanente. Please contact your Kaiser Permanente account representative if you wish to make changes to the SBC and are willing to take responsibility for creating the SBC for your group. This may be the preferred path if you would like to combine multiple plans or multiple issuers' coverages into a single SBC.
- If you combine multiple plans or multiple insurers' coverages into a single SBC, and we receive a request from an eligible employee or dependent for an SBC, we will refer the request to you.





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### Groups developing their own SBCs

- If you choose to produce your own SBCs, we can provide you with the required data after we receive your final benefit election.
- If you are producing your own SBCs, we will rely on you to ensure that the SBCs meet the regulatory requirements and that they accurately represent the Kaiser Permanente benefit plans.

### National accounts

National accounts typically have open enrollment cycles that require that materials be ready months before open enrollment. To help ensure that you receive the right SBCs and avoid delays in supporting your open enrollment cycle, we will need your final benefit election at least 60 days before you need the SBCs to support your open enrollment cycle. Please let your Kaiser Permanente account representative know when you will need your SBCs.

We will provide a separate SBC for each Kaiser Permanente benefit plan you have in each state or Kaiser Permanente region. For example, if you have two plans in three regions, we will provide you with a total of six SBCs.

We will provide you with an SBC for plans for which coverage is provided by Kaiser Permanente. **If you have benefits—such as pharmacy coverage—with another company**, this information will not be included in the SBC we provide to you.

If your group has self-funded plans, please consult with your Kaiser Permanente account representative.

### New group application

- SBCs will be provided electronically in a PDF format. Upon confirmation of final benefits, SBCs can be posted to your company website. You may also request a paper copy of the SBC from your Kaiser Permanente account representative.

### Renewal

- You must now include the SBC as part of your group's open enrollment materials.
- SBCs will be provided electronically in a PDF format. Upon confirmation of final benefits, SBCs can be posted to your company website. You may also request a paper copy of the SBC from your Kaiser Permanente account representative.
- We will provide you with an SBC for plans for which coverage is provided by Kaiser Permanente. **If you have benefits—such as pharmacy coverage—with another company**, this information will not be included in the SBC we provide to you.

### Material modification (off-cycle plan changes)

Large groups that meet certain requirements may opt to make an off-cycle plan change not later than 120 days before the effective date of the renewal contract. Material modifications must be communicated to all members 60 days in advance of the change.



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## Summary of benefits and coverage guide for fully-insured employer plans

### **Modifying the SBC that Kaiser Permanente provides**

- If we provide you with an electronic copy of an SBC, we will provide it in a secure, non-editable PDF format to ensure the integrity of the SBCs produced by Kaiser Permanente. Please contact your Kaiser Permanente account representative if you wish to make changes to the SBC and are willing to take responsibility for creating the SBC for your group. This may be the preferred path if you would like to combine multiple plans or multiple issuers' coverages into a single SBC.
- If you combine multiple plans or multiple insurers' coverages into a single SBC, and we receive a request from an eligible employee or dependent for an SBC, we will refer the request to you.

### **Groups developing their own SBCs**

- If you choose to produce your own SBCs, we can provide you with the required data after we receive your final benefit election.
- If you are producing your own SBCs, we will rely on you to ensure that the SBCs meet the regulatory requirements and that they accurately represent the Kaiser Permanente benefit plans.

### **Temporary enforcement safe harbor**

- For coverage that begins before January 1, 2014, the federal agencies will not impose penalties on groups and insurers that are working diligently and in good faith to comply with the SBC requirements.



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## Scenarios and trigger events on or after September 23, 2012

Event	Description	Timeframe for Providing SBCs
Renewal	Open enrollment (if employees and dependents must actively elect to maintain coverage, or if they have the opportunity to change coverage). If the person is already enrolled in a plan, then the law requires you to provide an SBC only for that plan (though you must provide SBCs upon request for other plans for which the person is eligible).	<ul style="list-style-type: none"> <li>No later than the date open enrollment materials are distributed, if we or your plan require written (including electronic) application for renewal</li> <li>No later than 30 days before the first day of the new plan year, if renewal is automatic and we issue the Group Agreement (or otherwise renew) more than 30 days before the first day of the new plan year</li> <li>No later than 7 business days after we issue the Group Agreement or receive written confirmation of your intent to renew (whichever is earlier), if renewal is automatic and we have not issued the Group Agreement (or otherwise renewed) more than 30 days before the first day of the new plan year</li> </ul>
Newly eligible employee	When an employee is first eligible to enroll	<ul style="list-style-type: none"> <li>As part of any written application materials (or no later than the first day on which the employee is eligible, if there are no written application materials)</li> <li>By the first day of coverage, but only if there is any change in the SBC</li> </ul>
Special enrollments	When someone enrolls as a HIPAA special enrollee (due to a qualifying event)	Within 90 days after enrollment
Request	If an eligible employee or dependent requests an SBC or summary information about the coverage	No later than 7 business days after you receive the request
Material modification (off-cycle plan change)	If there is a material modification that would change the SBC you most recently provided and that is not in connection with a renewal or reissuance. A material modification is one that an average enrollee would consider to be an important change in coverage.	You must give notice to enrollees at least 60 days before the date the change becomes effective.

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