

Summary of Benefits and Coverage Distribution Instructions

About the Matrix

The SBC Distribution Requirements and Timing Matrix cannot directly address all ‘real world’ events. The intent in creating this matrix is to provide the most comprehensive guidance possible. Therefore, two of the entries reflect our application of published guidance, considering the stated purpose of the SBC and the participant, beneficiary or eligible individual’s need for information.

Specifically:

1. New hires, newly eligible

Guidance requires the employee be provided the SBC(s) by the first date the employee is eligible to enroll. In our example, because coverage begins the first day of the month following the date of hire, the example reflects the date of hire as the date the SBC must be provided. Under different circumstances, such as a coverage effective date of first of the month following 90 days, the plan sponsor may have (or want to consider establishing) a specific “enrollment date” when the employee is provided the materials or opportunity to enroll. In that case, the first day the employee may enroll is the date the SBC(s) is required.

2. Special Enrollment – Employee not currently participating in the plan

The guidance provided in the rules appears to address Special Enrollments that occur for employees already covered by a plan option (SBC must be provided within 90 days after special enrollment). However, this guidance does not appear to take into account employees who waived coverage and who will be enrolling for coverage. In these situations, an employer may wish to consider applying the guidance applicable to ‘Newly Eligible’ individuals.

SBC Distribution Requirements and Timing

Why?	What?	Who?	When?	Examples
Open Enrollment[OE]				
Plan distributes materials (written or electronic) as part of annual or open enrollment.	An updated SBC for the benefit option in which the participant or beneficiary is enrolled. It is not necessary to provide an SBC for all options.	Participants & beneficiaries	Must be provided with the materials distributed for use by the participant to re-enroll.	<ul style="list-style-type: none"> Section 125 Plan year begins 7/1/20 OE occurs 6/1/20 – 6/15/20 SBC must be sent with OE materials by 6/1/20.
Plan DOES NOT distribute materials (written or electronic) as part of annual/open enrollment.	An updated SBC for the benefit option in which the participant or beneficiary is enrolled. It is not necessary to provide an SBC for all options.	Participants & beneficiaries	By the first day the participant is eligible to enroll.	<ul style="list-style-type: none"> Section 125 Plan year begins 7/1/20 OE occurs 6/1/20 – 6/15/20 SBC must be sent by 6/1/20

SBC Distribution Requirements and Timing

Why?	What?	Who?	When?	Examples
All Other - New Hires, Newly Eligible, Special Enrollment				
New hires, newly eligible	An SBC for all benefit options for which the individual is eligible.	New hires, newly eligible	First date individual is eligible to enroll for coverage.	<ul style="list-style-type: none"> Section 125 Plan year begins 1/1/20 Employee hired 5/1/20 Employees are eligible first day of month after hire SBC must be provided (presumably) at date of hire
Special Enrollment (life event)	The SBC reflecting the participant's coverage.	Participants & beneficiaries	Within 90 days after special enrollment.	<ul style="list-style-type: none"> Section 125 Plan year begins 1/1/20 Employee marries on 5/1/20 Employee notifies plan on 5/20/20 Spouse enrolls on 6/1/20 SBC must be sent by 8/30/17

SBC Distribution Requirements and Timing

Why?	What?	Who?	When?	Examples
Special Enrollment (life event)	Not currently participating, treat as newly eligible. An SBC for all benefit options for which the individual is eligible.	Individuals previously waiving coverage & newly eligible dependents	First date individual is (again) eligible to enroll for coverage based on the special enrollment.	<ul style="list-style-type: none"> • <i>Employee not participating in plan</i> • <i>Section 125 Plan year begins 1/1/20</i> • <i>Employee marries on 5/1/20</i> • <i>Employee notifies plan on 5/20/20</i> • <i>SBC must be sent with enrollment materials (if provided) or within 7 days of being notified of marriage.</i>
Mid-year material change to plan terms reflected in the SBC	An updated SBC for the benefit option in which the participant or beneficiary is enrolled.	Participants & beneficiaries	60 days prior effective date of material change.	<ul style="list-style-type: none"> • <i>Section 125 Plan year begins 1/1/20</i> • <i>Material change to be effective 7/1/20</i> • <i>SBC must be sent by 5/2/20</i> • <i>Section 125 Plan year begins 7/1/19</i> • <i>Material change to be effective 1/1/20</i> • <i>SBC must be sent 11/2/19</i>
Upon request	All SBCs requested.	Participants & beneficiaries, Newly eligible individuals	Within 7 business days of request.	<ul style="list-style-type: none"> • <i>Section 125 Plan year begins 1/1/20</i> • <i>Request made 5/15/20</i> • <i>SBC must be sent by 5/22/20</i>

* The Agencies define a material modification as any change to coverage that an average participant would consider important and that would affect the content of the SBC, whether a reduction or an enhancement of covered services or benefits.

A material modification could be an enhancement of covered benefits or services or other more generous plan terms.

It includes, for example, coverage of previously excluded benefits or reduced cost-sharing. A material modification could also be a material reduction in covered services or benefits (as defined in DOL Reg. § 2520.104b-3(d)(3)), or more stringent requirements for receipt of benefits. As a result, it also includes changes or modifications that reduce or eliminate benefits, increase premiums and cost-sharing, or impose a new referral requirement. A rate change **alone** would not trigger this.