

Oct. 19, 2011

Department of Labor, EBSA

To Whom it May Concern,

Many requirements of the Patient Protection and Affordable Care Act (PPACA) are putting a significant strain on Plan Sponsors and the benefits industry. As you know, the deadline for implementation of the Summary of Benefits and Coverage (SBC) is approaching rapidly and several key issues remain unresolved. Consequently, we are requesting a delay in the effective date of the SBC requirement for at least twelve months from the current March 23, 2012 implementation date. From that point forward, we would also recommend that the requirement be first applicable at the renewal for a Plan, rather than in the middle of a Plan Year.

1. The proposed SBC template was created by the NAIC and is clearly created with fully insured Plans and individuals in mind. It's understandable that the NAIC would create a template for its core constituency; however their model does not work for Self Funded Plans. There are many key differences in terminology between Insured and Self Funded Plans, and using these terms interchangeably would only serve to further confuse issues for the people the SBC is intended to serve. In addition, the template as presented does not contemplate the significant variations in Self Funded Plan designs, nor alternative funding options such as Health Reimbursement Arrangements. Considering that more United States businesses choose to Self Fund the Healthcare they offer to their employees, more time should be spent developing templates that satisfy the intent of PPACA's SBC requirement.
2. The current implementation requirements are illogical and unworkable. The SBC should be tied to the first renewal of each Self Funded Plan after the implementation requirement. Again it appears that the model regulations focused on the standard structure of Fully Insured Plans. Self Funded Plan Sponsors have far more diverse Plan, deductible and renewal provisions than most Fully Insured programs. Each Plan Sponsor should be permitted sufficient time to evaluate, test, implement and distribute an SBC that clearly describes the provisions of their Plans, as the PPACA intended. Enforcing a scenario where some eligible employees and their family members are receiving the SBC and others are not will create confusion and will not further the goals of improved healthcare consumer education and engagement. In addition, moving forward with the implementation regulations as currently configured will only serve to increase the expense associated with providing SBC's to those eligible. It is anticipated that these costs will be passed on to the healthcare consumer.
3. The fact that nearly each Self Funded Health Plan is unique should not be discounted. The customization required for each SBC (even when properly configured for Self Funded Plans) will be significant and will require a significant time investment on behalf of both Plan Sponsors and Administrators. It seems that the drafters of PPACA considered this issue when drafting the law,

allowing 12 months from the publication of final regulations for implementation of the requirement. As of today, the final regulations have not been published, yet Plans are expected to be prepared to comply in less than 5 months. This limited timeframe to comply will only serve to increase the costs associated with creating and preparing the SBC. Again, it is anticipated that these costs will be passed on to the healthcare consumer in some fashion

4. Finally, there is still some confusion regarding whether or not the SBC requirements apply to all Health Plans considered to be non-excepted benefits, including certain wellness programs, integrated Dental Programs, Vision Programs, etc.

Benovation operates as a Third Party Administrator for healthcare Plans. Our client Plan Sponsors include more than 200 business offering healthcare benefits to nearly 10,000 employees and their eligible family members. The opinions expressed in this communication represent our nearly 50 years of experience in the benefits administration industry, as well as the feedback we receive daily from our clients. On their behalf, we appreciate your consideration and look forward to a reasonable and practical evaluation of the implementation of the SBC requirements.

Sincerely,

Kevin D. Schlotman

Managing Officer - Benovation