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Submitter Information

Name: Katie Vlietstra

Address:

1100 13th Street NW

Suite 800

Washington, DC, 20005

Email: katie.vlietstra@worldatwork.org

Phone: 202-315-5512

Submitter's Representative: WorldatWork

Organization: WorldatWork

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Government Agency: EBSA

General Comment

See attached file(s)

Attachments

Comment Letter Summary Benefits and Coverage and Uniform Glossary (FINAL)

October 19, 2011

Office of the Health Plan Standards and Compliance Assistant
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244-1850

Internal Revenue Service
U.S. Department of the Treasury
Room 5205
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

RE: RIN 1545-BJ94
26 CFR Parts 54 and 602

Summary of Benefits and Coverage and Uniform Glossary Requirements

To Whom It May Concern:

WorldatWork respectfully submits these comments in response to the Summary of Benefits and Coverage (SBC) and Uniform Glossary proposed rule [Federal Register Volume 76, Number 162 (August 22, 2011)]. We appreciate the opportunity to comment.

Background on WorldatWork

WorldatWork (www.worldatwork.org) is a not-for-profit global human resources association focused on compensation, benefits, work-life and integrated total rewards to attract, motivate and retain a talented workforce. Founded in 1955 and formerly known as the American Compensation Association,

Washington, D.C.
Office & Conference Center

1100 13th Street NW
Suite 800
Washington, D.C. 20005-118A

Phone: 202/315-0000
Toll-free: 877/951-9191
Fax: 202/315-5550
Toll-free fax: 866/816-2962

www.worldatwork.org

WorldatWork provides a network of more than 30,000 members and professionals in more than 100 countries with training, certification, research, conferences and community. WorldatWork offers six certifications for reward professionals, including the highly regarded Certified Benefits Professional (CBP) designation in which nearly 2,500 professionals have earned since it was introduced in 1993.

WorldatWork members are human resources professionals who design and administer programs — including incentives and other rewards — to attract, motivate and retain employees. These members believe there is a powerful exchange relationship between employer and employee, as demonstrated through the WorldatWork Total Rewards Model. Total rewards involve the deliberate integration of five key elements that effectively attract, motivate and retain the talent required to achieve desired organizational results. The five key elements are: compensation, benefits, work-life, performance and recognition, and development and career opportunities.

This model recognizes that total rewards operate in the context of overall business strategy, organizational culture and HR strategy as well as a complex external environment. Within this context, an employer leverages the five elements to offer and align a value proposition that benefits both the organization and the employee. An effective total rewards strategy results in satisfied, engaged and productive employees, who in turn deliver desired performance and results.

Concerns and Issues Identified by WorldatWork

After careful review of the proposed rulemaking pertaining to the Summary of Benefits and Coverage (SBC) and the Uniform Glossary as outlined in the Patient Protection and Affordable Care Act (PPACA), WorldatWork respectfully submits the following comments for consideration.

According to an annual MetLife survey, “employees, regardless of age, spend on average 30 minutes on benefits,” and a growing body of decision-making research suggests that the abundance and complexity of information can overwhelm consumers and create a significant non-price barrier to coverage. Thus, overall, the feedback from the WorldatWork Benefits Advisory Board expresses the following four main concerns:

- the onerous nature of the proposed rule,
- redundancies between ERISA compliance and the newly created SBCs,
- feasibility of implementation within the time frame proposed, and
- additional costs associated with elements of the SBC.

The proposed rule does not seem to address the redundancies specifically related to the ERISA requirement to provide a Summary Plan Description (SPD) or the possible exemption of employers who have taken the initiative to provide comparable information to employees on their plan choices. While there is general agreement that you could logically group the SBC information with the SPD, it would create an overwhelmingly complicated document for an employee to review, unless with incorporation of both documents, all items are written to the same standard of clarity and readability.

Additionally, the proposed rule does not seem to clarify entirely the requirements for different SBCs within one plan. For example, if a group health plan and/or health insurance issuer offers two versions of a Preferred Provider health plan option (PPO) with different contributions, deductibles and copayments, would they be required to provide two SBCs for the same plan?

With respect to the implementation date of March 2012, it would be nearly impossible for employers to implement these significant changes, considering that final regulations have not been issued. We recommend that the implementation date be moved to March 2013, allowing for employers to revise service partner/vendor agreements so clarity can be provided between contracted parties regarding each other's role in providing the required information needed to create the SBCs. Coordination with service providers is critical to prepare specific content for each health plan.

Per the Department's request, it is our recommendation that the final rule clarify the question of including the premium and contribution costs within the SBC. We feel strongly that a simple, standard table that addresses the major provisions would be the best way to provide information in a way that allows individuals and plan sponsors to make an easy comparison between the different options. Plan designs are so varied that a true apples-to-apples comparison is often difficult.

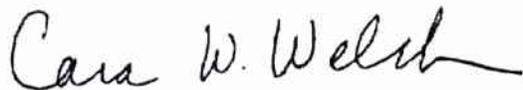
Further clarification is required regarding the requirement that the SBC be presented in a "culturally and linguistically appropriate manner" and it must limit those terms so that an "average" enrollee can understand. It is not clear how the concept of "average" enrollee will ultimately be applied, nor what level of differentiation will be needed where the workforce is exceedingly diverse.

Finally, with respect to the comment request regarding coverage examples, we caution that coverage examples are ineffective unless they bear resemblance to the participant's own situation. Therefore, the challenge persists with limiting the number of coverage examples, beginning with three and eventually expanding to six, while also balancing the significant time and resources it would require to develop coverage examples for every imaginable scenario. The variables among plan design elements make it inherently challenging to estimate costs, and additionally, the cost simulation can be significantly flawed because each scenario can be impacted by various elements outside of the limited scope of the scenario.

Conclusion

In conclusion, we appreciate the opportunity to provide comment on the proposed rule and look forward to working collaboratively on subsequent Patient Protection and Affordable Care Act regulatory action.

Sincerely,



Cara Woodson Welch, Esq.
Director, Public Policy