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Summary of Benefits and Coverage and Uniform Glossary

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Submitter Information

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General Comment

See attached file(s)

Attachments

SBC Comment Letter_Oct 20_2011

October 20, 2011

U.S. Department of Labor
Office of Health Plan Standards and Compliance Assistance,
Employee Benefits Security Administration
Attention: RIN 1210—AB52.

Centers for Medicare & Medicaid Services
Department of Health and Human Services,
Attention: CMS-9982-P,

Internal Revenue Service
Attention REG-140038-10

Submitted electronically via www.regulations.gov

Dear Sir/Madam:

Waste Management, Inc. (WM) is North America's leading provider of integrated environmental solutions. Our nearly 45,000 employees are committed to Environmental Performance — our mission is to maximize resource value, while minimizing environmental impact so that both our economy and our environment can thrive.

At WM, our benefit programs are a key part of our recruitment, retention and workplace health and productivity strategies. Specifically, our medical coverage offers excellent protection and affordable choices while also requiring employee engagement in their choices at both point of enrollment and point of care. In short, we are committed to helping improve the physical and financial health, well-being and sense of security of our global workforce. Our employees and their family members have successfully embraced the role they play in choosing and using their benefits well to accomplish those shared goals and objectives.

Because successful investment in these benefit programs is important to our employees, customers and shareholders, we ask you to consider the following comments in response to the Notice of Proposed Rulemaking (NPRM) implementing Section 2715 of the Patient Protection and Affordable Care Act (ACA), Standardization of Coverage Documents, particularly relating to large employer plans.

WM wholeheartedly agrees that successful, long term health care reform and containment of costs will require empowering consumers with information needed to become better shoppers. Large employers have led the way in providing meaningful transparency tools that provide information on the cost and quality of specific health care services and specific health care providers. Indeed, large group plan sponsors such as WM already provide highly customized employee education and information tools for annual enrollment periods and new enrollees. It is our opinion that the regulations regarding Section 2715 of the Affordable Care Act should build on these efforts and leverage them as much as possible.

WM is concerned that the NPRM reflects a very literal interpretation of the requirements in Section 2715 that will actually diminish the substantial investment we have already made in communicating the terms of coverage to our employees. If adopted, compliance with these interpretations would significantly increase our costs while delivering little value to our employees and their families. Requiring the provision of an additional and redundant Summary of Benefits and Coverage (SBC) likely will have the unintended consequence of confusing, or overwhelming, plan participants rather than better informing them.

Most importantly, the cost and the actual construction of the communication itself will likely force WM (and other large employers) to reduce the amount of choice and flexibility we provide to employees as part of their current package. At WM, for the last 7 years, we have been able to allow employees to customize their plan by constructing their health plan from various deductible, coinsurance, out of pocket,

prescription drug and network options. While employees need only to choose what they want in a simple multiple-choice Q&A format, this design actually provides well over 100 different plan options to address the diversity of employees' needs at WM. Because the process is easy and choice is numerous, this has led to tremendous increases in engagement with the plan, improved satisfaction with their benefits and has allowed our employees to save themselves over \$100 million since implementation of this design.

Implementation Timeline

The NPRM requests comments regarding factors that may affect the feasibility of implementation within this time frame. With the delay in issuing the proposed guidance and the lack of clarity in many areas on how the requirements apply to group health plans, we urge that implementation be delayed for 18 to 24 months from the time of final requirements to afford insurers, brokers and employers the necessary time to make changes necessary to aid the process of compliance. Furthermore, we urge the Agencies to release immediate guidance to that effect.

Differential Treatment for Group Health Plans

The Preamble of the NPRM recognizes the redundancies and additional costs associated with elements of the SBC requirement – including the uniform glossary and the coverage facts labels – particularly with respect to those plans that already provide a Summary Plan Description (SPD) in accordance with 29 CFR 2520.104b. We believe that an enforcement “safe harbor” should be recognized for employer-sponsored plans that meet existing ERISA requirements including the requirement that they be comprehensive and understandable. This would afford employers greater flexibility relative to layout, colors and distribution so that we can coordinate these materials with existing communication materials that employees recognize and rely upon.

Coverage Tiers

The requirement to provide the SBC at the coverage tier level is an added expense which adds no value to the document being provided to the employee. Producing the SBC by coverage tier, however, greatly increases the administrative and production costs of the SBC, and the volume of paper would be overwhelming to most consumers. A single SBC document by plan, coupled with a premium addendum, provides employees with sufficient information from which to select their benefit plan. Additionally, showing all deductible and out-of-pocket tiers (employee vs. family) allows employees to understand the impact of any mid-year election change prior to requesting the change.

Premium

Because employer-provided coverage generally includes an employer contribution, it would not be useful to a participant in a group health plan to receive the total cost of coverage in this context. Consistent with current practice, we recommend that employers be allowed to provide the premium information to their employees via a separate addendum, rather than by the health plan administrator.

Coverage Examples

WM, like most large employers, currently produces our own benefit summary documentation. For us, the addition of the Coverage Examples is an added administrative burden due to the anticipated yearly allowed amount updates which may not coincide with the timing of plan year benefit changes that would require updated SBCs. Under the proposed rules, many employers will be required to update the coverage examples at a time that is different from their normal benefit cycles, thereby increasing administrative costs associated with maintaining SBC documents. We request an alternative electronic solution be implemented, which would provide relief to the employers that create their own documentation and more value to our employees. Such an electronic solution will also foster more active engagement by our employees in their decision process.

Material Modifications

Final regulations should also clarify that an updated SBC will satisfy the need for notice of a non-renewal material modification to the plan. While it is stated in the preamble to the NPRM, it is not clearly stated in

the regulation itself. This will alleviate administrators from having to supply a separate notice in addition to the updated SBC. Typographical errors should be treated in the same manner, such that an updated SBC serve as notice.

Acknowledgement of Receipt

Many employers post benefit summary information to internal online portals. Requesting consumers to acknowledge receipt of electronic materials will require employers to modify existing tools to create acknowledgement capabilities, further increasing employer costs associated with this provision. Such acknowledgements are not required for paper distribution of materials, and should not be required for electronic distribution.

Online Policy and Certificate

The SBC footer requires inclusion of a web address where individuals can review and obtain a copy of the group insurance certificate online. Many self insured employers create and post these documents in accordance with ERISA timing standards and may not have them available pre-enrollment. Therefore, we request that the final regulations modify the statement on the SBC to reflect the online policy/certificate availability be consistent with the ERISA requirements of 90 days post enrollment.

Special Accommodations for Expatriate Health Plans

We appreciate the agencies' acknowledgment in the NPRM of the unique characteristics of expatriate health plans. In recognition of those unique characteristics, WM urges that expatriate plans be exempted from these and all requirements of the Affordable Care Act. Employers with globally mobile workforces typically sponsor a single international plan to cover their expatriate employees. Accordingly, a comparison of plans at time of enrollment is unnecessary.

Moreover, our concerns about the redundancy, value and cost of the proposals reflected in the NPRM are heightened in the international health plans for the following reasons:

- The cost of care differs significantly from country to country; cost estimates for health services in the US are irrelevant and confusing to global employees;
- Forms and terms referenced in the summary are U.S.-centric; they are not applicable outside of the U.S. nor understood by non-U.S. employees covered by the international plan;
- Information that is particularly important to expatriates (e.g., medical evacuation and repatriation benefits and country-appropriate care) are not accommodated in the summary;
- Some benefits required to be listed in the summary are illegal in some countries;
- Because expatriate plans are tailored to include mandates required by other countries, expatriate plans could theoretically have to produce hundreds of versions of summaries to account for employee populations in all countries of assignment; and
- Language requirements geared to U.S. residents have no applicability to persons living and working outside the U.S. and can be confusing and irrelevant to foreign workers on assignment in this country.

Thank you for your consideration of these recommendations.

Regards,

David Kasper
VP, Benefits