

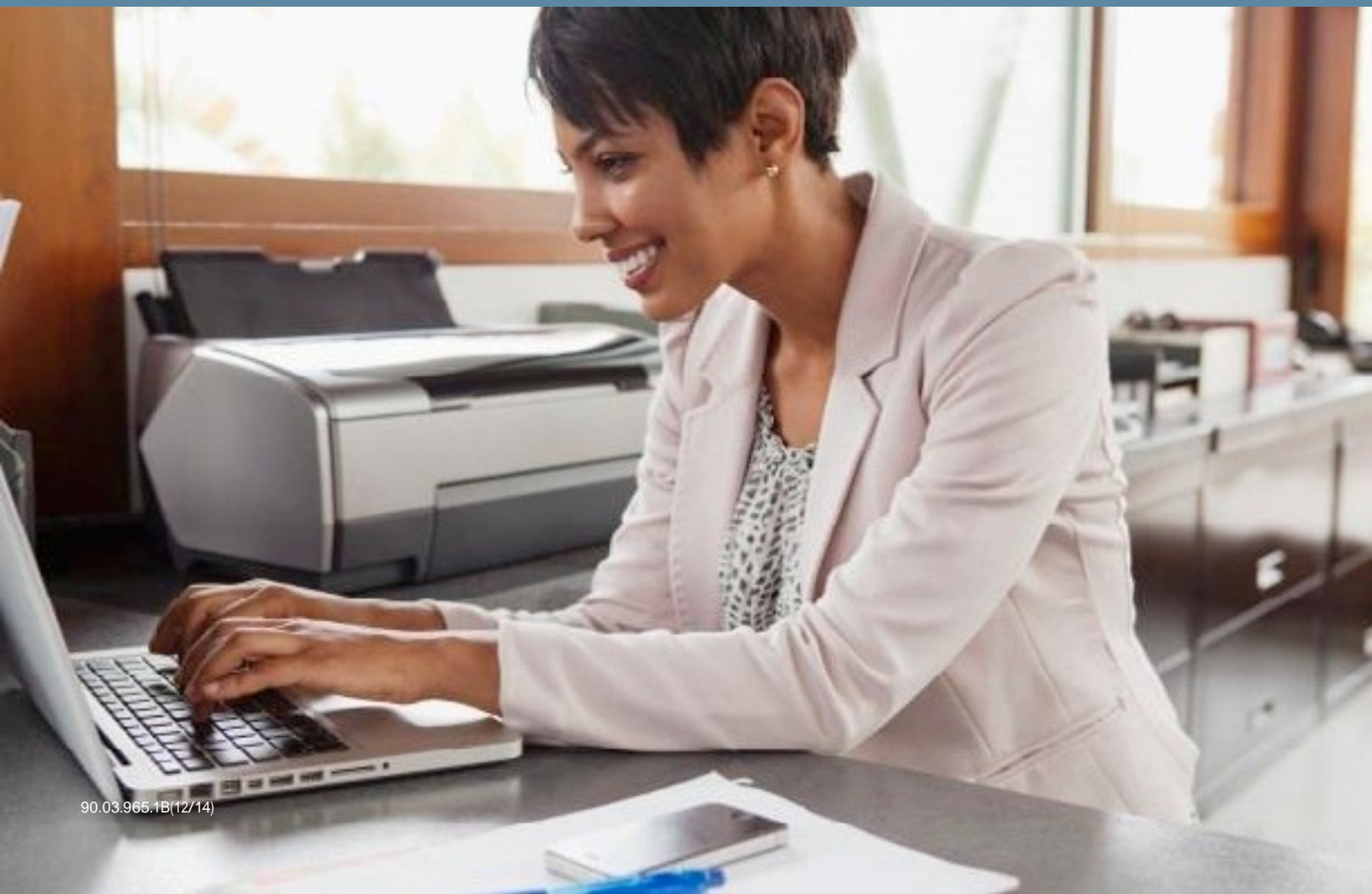
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Summary of Benefits and Coverage (SBC) 2014 and beyond

For Aetna large group medical plans
regardless of funding arrangement

www.aetna.com



Inside this brochure

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As you know, the Affordable Care Act (ACA) requires a standard plan document called the Summary of Benefits and Coverage (SBC). SBC regulations took effect September 23, 2012. Included are strict timeframes for creation and distribution of SBCs.

Talk to your account manager for help understanding the ACA. We're here to discuss its impact on your group and what you must do to comply.

The U.S. Departments of Labor, Health and Human Services (HHS) and Treasury (collectively, the Departments) recently clarified some of the requirements for SBCs. In 2014 we adjusted our processes to reflect the changes. We've also made other improvements to help satisfy these obligations.

We're here to help

Improved delivery times of SBCs

We've enhanced our SBC tools to make them easier to use. This will help to improve the overall quality and timeliness of SBCs.

Support for pharmacy and behavioral health carve-outs

Starting with January 1, 2014, new business and renewal effective dates, we support pharmacy and behavioral health benefits administered by third parties on Aetna SBCs. When you give us the third-party plan data, we'll complete the SBC Common Medical Event section with the carrier's name, benefit details and (for prescription benefits) the appropriate website. We will also update the coverage example values as applicable and appropriate. Please contact us for details.

What employers must do

Insured plans: We'll continue to produce SBCs for Aetna plans at no additional cost. You are responsible for distribution of the SBCs to applicants and plan participants within the timeframes required by the health care reform law.

Self-funded plans: You're responsible for production and distribution of SBCs to your applicants and plan participants. But we're here to help:

- If you produce your own SBCs, we'll review or provide information for Aetna-administered benefits at no charge.
- If you'd like us to produce the SBCs for an Aetna self-funded plan, we'll handle the document generation based on benefit information in our systems and information you give us.
 - We'll review the draft SBC for accuracy, completeness and compliance before forwarding to you for approval.
 - We may pass on a portion of this expense to you. Please contact us for more information on charges for SBC support.
 - We'll give you SBCs in Microsoft Word documents instead of Excel files. This will make it easier for you to edit them.

Here's how you can help us

Provide final benefits at least four weeks before you need SBCs

For plans effective on or after January 1, 2014, we'll need final benefit plan decisions at least four weeks before SBCs are due. For example, if open enrollment begins October 30 and you need all documents by September 15, give us final benefit decisions by August 19 (or closest business day).

For insured plans, we must report to the government when each customer receives its SBC to demonstrate compliance with the regulatory triggers and timeframes.

SBC form recap

The SBC gives details about a plan's benefits in plain language. This helps applicants and participants make informed purchasing, enrollment and coverage decisions. All customers and insurers must use the SBC format set in the final regulations.

The regulation applies to:

- Self-funded and insured medical plans
- Individual plans
- Limited benefit plans
- Student health insurance
- Expatriate plans (U.S.-based benefits only)
- Certain other plan types (for example, Health Reimbursement Accounts, pharmacy)

The regulation does not apply to:

- Health Savings Accounts (HSA)
- Standalone dental and vision
- Flexible Spending Accounts (FSA) if accepted
- Certified retiree-only plans

The required SBC document is four-pages, double-sided. It includes:

- Basic benefits and coverage information
- Cost-sharing requirements and exclusions and limitations
- Two coverage examples — one for having a baby and one for type 2 diabetes
- Information on how to access a uniform glossary with definitions of health coverage and medical terminology used in the SBC
 - It must be provided on request
 - We'll include a link to the glossary in SBCs

The law also requires that customers and insurers make the SBC available upon request in certain languages, including these four non-English languages:

- Spanish
- Mandarin
- Tagalog
- Navajo

We'll provide translations services to members who request them at no charge. If plan sponsors want to translate the SBC for a broader audience, we'll do so and bill the plan sponsor for that service.

Meeting required SBC delivery "triggers" and timeframes

SBC "trigger" events tell us by when we are required to deliver SBCs to employers and members. Triggers vary based on the plan, group size and funding type. Visit our **Health Reform Connection website** to learn more about triggers, regulatory timeframes for distribution and steps to take to be compliant. You'll also find links to brochures and Q&As to help answer any questions you have about the SBC and other requirements of the Affordable Care Act (ACA).

Trigger events include:

- Upon application (new business)
- Open enrollment and renewals
- New eligible members (such as new hires)
- Special Enrollment Period (that is for those subject to HIPAA Special Enrollment)
- Upon request for summary information about a health insurance product or SBC
- Material modifications, as defined by ERISA

There are other requirements related to the SBC, including language assistance and delivery (electronic vs. paper documents). For more information or the full set of SBC regulations, visit www.dol.gov/ebsa/healthreform/.

Penalties for noncompliance

Both plan sponsors and carriers like Aetna could face serious fines and penalties for not complying with the SBC regulations. This will be especially true when the non-enforcement safe harbor expires. Willful failure to comply could result in up to a \$1,000 fine per plan participant or beneficiary for each incident. We must work together to provide individuals with timely access to these documents.

There are also separate penalties that may apply that aren't specific to the SBCs but can be imposed for failure to comply with certain federal requirements.

Summary of government clarifications

- For plans effective on or after January 1, 2014, SBCs must include a statement about whether the plan or coverage provides minimum essential coverage (MEC).* It must also note if the coverage meets minimum value (MV) requirements.**
- Employers are responsible for making MEC and MV determinations. However, we will help.
 - **For insured plans**, we'll review the minimum value standard for each plan based on the MV calculator criteria provided by the Department of Health and Human Services (HHS). We will indicate within the SBC whether or not the plan meets the MV standard based on this review. If you disagree with our evaluation, we will make changes to reflect your determination, since this is ultimately your (that is, the group plan sponsor's) responsibility.
 - **For self-funded plans**. Under ACA, minimum value and minimum essential coverage determinations are associated with the employer's shared responsibility provisions. Aetna will include the MV and MEC statements in SBCs that are produced for plans with effective dates of January 1, 2014, and later. However, **we will not make the final MC or MEC determinations**. Aetna will review the minimum value standard for the plan(s) based on the MV calculator criteria provided by the Department of Health and Human Services (HHS) and based on our review estimate whether the plan(s) meet or do not meet the MV standard. Aetna does not provide legal or tax advice, and recommends that you consult with your own legal and tax counselors when reviewing MV determinations. Aetna is not assuming any responsibility or liability regarding this minimum value evaluation, and the final determination remains with you as the employer. Aetna will provide the SBC in editable format so plan sponsors for self-funded plans can update MV and MEC statements within the document to appropriately reflect their determination for each respective plan. Aetna has no responsibility or liability regarding the minimum value or minimum essential coverage evaluation, regardless of the role we may have played in reviewing/producing the SBC documents.

- The Departments have updated the template and model SBC (in the Important Questions chart section) to reflect that the plan or insurer doesn't impose annual limits on the dollar value of essential benefits for plan and policy years beginning on or after January 1, 2014. As an alternative, the Departments will allow plans and insurers to delete the row on the Important Questions chart on whether there's an overall annual limit on what the plan pays.
- The Departments will continue the SBC safe harbors from previous FAQs. These allow SBCs to be provided electronically, permit use of the HHS-developed coverage examples calculator, and allow plans and insurers to vary the form and format of the SBC, if necessary. The safe harbor allowing insurers to not provide SBCs to closed blocks of business has been extended, as long as the product isn't being actively marketed.

View updated SBC templates online

You can see an SBC template [here](#).

Samples of completed SBCs are available [here](#).

*Minimum essential coverage is defined as: Coverage under certain government-sponsored plans; employer-sponsored plans, with respect to any employee; plans in the individual market; grandfathered health plans; any other health benefits coverage, such as a state health benefits risk pool, as recognized by the HHS Secretary. Minimum essential coverage doesn't include health insurance coverage consisting of excepted benefits, such as dental-only coverage.

**The minimum value requirements are the plan's or coverage's share of the total allowed costs of benefits provided under the plan or coverage is not less than 60 percent of such costs.

How the clarifications impact our SBCs

Changes apply to plans that begin on or after January 1, 2014.

Changes to the SBC template

For all SBCs, we'll add applicable statements to explain whether the plan or coverage:

- Provides minimum essential coverage (as defined under section 5000A (F) of the Internal Revenue Code 1986)
- Meets the minimum value requirements

On page 4 of the SBC template (and illustrated on page 6 of the sample completed SBC), a plan or issuer should indicate in the designated entry on the SBC template that the plan or coverage “does” or “does not” meet applicable MV requirements

Alternatively, the plan or issuer can provide a separate cover letter or disclosure with the required statements.

Uniform glossary

No changes needed.

Instructions for completing the SBC (for group or individual health coverage), “Why this matters” language for the SBC, or to the coverage examples

No changes needed.

Coverage examples and coverage example calculator for 2014 and after

No changes needed.

Questions? Just call us.

We'll continue to work with you to find the best ways to meet the requirements of the ACA.

We remain committed to our vision for a health care system that helps all Americans have access to affordable, quality care.

For more information on health care reform, visit www.aetna.com/health-reform-connection.

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna).

This material is for general information only and does not constitute legal advice.

The information provided is a high level overview related to the Summary of Benefits and Coverage requirement pursuant to the Affordable Care Act, and should not be considered legal or compliance advice. This document does not represent a comprehensive view of the requirements. This material information is believed to be accurate as of the production date; however, it is subject to change. For more information on the regulation and guidance, go to <http://www.dol.gov/ebsa/healthreform/>. For more information about Aetna plans, refer to www.aetna.com.

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