

# For your benefit



July 26, 2012

## ***Update on the Affordable Care Act (ACA)***

The decision by the Supreme Court on June 28th not to strike down the Affordable Care Act (ACA) means that employers must continue to prepare for the ACA requirements. We expect guidance from various government agencies on a number of outstanding issues.

Many of the provisions of the ACA do not substantially affect our Massachusetts clients since Massachusetts already has an exchange in place (see prior e-bulletins for information on the exchanges) and already has many of the components of the ACA in effect. Some things employers need to do to in preparation:

- Comply with the form W-2 reporting requirements for the 2012 tax year (this does not mean your employees will be taxed on medical premiums for 2012);
- Receive and apply any Medical Loss Rebates associated with the 2011 plan year (for groups under 50 eligible);
- Ensure that the \$2,500 Flexible Spending Account maximum is applied properly beginning in 2013 and plans are updated;
- Update Summary Plan Descriptions to include any changes required by the ACA;
- Distribute the Summary of Benefits and Coverage information for open enrollments beginning after September 23, 2012. (See below for further information.)

In addition to the items above there are a number of other requirements that are effective in 2013 and 2014. We will update you on further developments as they occur and will provide you with assistance and information in order to comply with these regulations.

## ***Summary of Benefits and Coverage (SBC)***

On Feb. 9, 2012, the Departments of Health and Human Services, Labor and Treasury released final guidance on the requirement for health plans and health insurance issuers to provide a **Uniform Summary of Benefits and Coverage (SBC)** to applicants and enrollees.

The health care reform law created the summary of benefits and coverage, or SBC, to provide consumers with simple and straightforward information on plan coverage in a uniform format. The intent is to help consumers better understand the coverage they have and compare differences in benefits and coverage when they are shopping for a new plan.

Beginning on the first day of the first open enrollment period that begins on or after Sept. 23, 2012, the SBC must be provided to eligible employees who enroll or re-enroll for coverage during the open enrollment period.

The plan and the employer group share the responsibility to distribute SBCs to all eligible employees.

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***(SBC continued)***

An [SBC template](#) that will be used by all plans was developed by the Departments of Labor, Treasury, and Health and Human Services. SBCs may be provided in either paper or electronic format. In addition, insurers will provide information directing consumers to a standardized uniform [glossary](#), including medical definitions of common medical and insurance terms on their websites.

The insurance carriers will create compliant SBCs for their fully insured clients. Upon renewal they will notify subscribers that electronic SBCs are available and mail instructions to their home. The employer will be responsible for distributing SBCs to eligible employees who are not enrolled in their health plan. The SBCs will be available in the new enrollment kits. All standard SBCs should be available on each carrier's website.

A Q&A is available from Proctor & Company on request. We will update you further as we receive more information from the insurance carriers.

***For Blue Cross accounts:***

On January 1, 2012, Walgreens Pharmacy left the Express Scripts (ESI) pharmacy network (the Pharmacy Benefits Manager for Blue Cross) due to a negotiation dispute. Walgreens Pharmacy will again be a retail pharmacy option beginning September 15, 2012. Walgreens and ESI announced they have reached a multi-year agreement for Walgreens to participate in the ESI Retail Pharmacy Network.

It's important to note that this new agreement with Walgreens only applies to the retail pharmacy network. At this point in time, Walgreens is not participating in their specialty and fertility pharmacy networks.