

Bulletin 12-05

To: Health Insurers

From: Merle Scheiber, Director

Date: October 24, 2012

Re: Summary of Benefits and Comparisons (SBC) requirement/Outline of Coverage

On September 23, 2012, the Summary of Benefits and Comparisons (SBC) requirement of the Patient Protection and Affordable Care Act (PPACA) became effective. Unfortunately, the SBC does not contain all of the required disclosures necessary to comply with both PPACA and those state and federal requirements that were already in place.

Specifically, under federal law (section 2709 of the Public Health Service Act) and under state law ([SDCL § 58-33A-6](#)), a disclosure of the provisions concerning the issuer's right to change premium rates is required. Since this disclosure is not found in the SBC and the SBC cannot be modified to include this disclosure, a separate disclosure of the right to change premiums is required.

The Division will consider any type of document supplementing the SBC which contains the disclosure of the right to change premium rates compliant with the outline of coverage requirement found in [SDCL §§ 58-33A-5](#) and [58-33A-6](#) and the requirements of section 2709. The supplemental disclosure can be a stand-alone document or incorporated into any other document (other than the SBC). Therefore, it will not be necessary for an insurer to include a separate outline of coverage provided that the SBC and the disclosure of the right to change premium rates are provided.

This bulletin does not apply to any plan that is an excepted benefit as defined by section 2791(c) of the Public Health Service Act. Neither the supplemental disclosure forms nor the SBC disclosures are required to be filed or approved by the Division.