

SBCs as easy as ABCs?

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PRACTICES Employee Benefits and Executive Compensation

It's that time of year when employers are finalizing their open enrollment materials. Along with benefit changes and annual disclosures, employers should also review their Summary of Benefits and Coverage ("**SBC**") and understand when it needs to be distributed. The instructions for completing SBCs are specific, e.g., language must be used verbatim in the "Why This Matters" column. In addition, it is common to find that not all limitations and exceptions are included in the "Limitations, Exceptions and Other Important Information" column. For example, this column must reflect if any network services do not count towards the out-of-pocket limit as well as when prior authorization is required.

In addition to during open enrollment, the SBC must be distributed (i) with enrollment materials (such as at initial enrollment), (ii) before the first day of coverage, if there was a change to the SBC that was given with enrollment materials, (iii) to special enrollees within 90 days of enrollment, and (iv) no later than seven business days following a participant's request. In addition, if there is a material modification to the SBC midyear, notice of the modification must be provided at least 60 days prior to the effective date of the modification. There is also a seven-day turnaround time in response to a request for the SBC. If a participant requests the SBC and Summary Plan Description ("**SPD**") at the same time, then an employer may not realize there is a shorter timeframe for responding with the SBC (seven days) than for the SPD (generally, 30 days).