



Quick Links

[Last Month's Issue](#)

[Contact Us](#)



Summary Plan Descriptions – Provide Employees with All the Right Information

Annual open enrollment is a good time to communicate plan changes to employees, but Summary Plan Descriptions (SPDs) are also an important resource of benefits information. And ERISA requires that such an important tool be kept up-to-date.

As we know, **an updated SPD needs to be provided every five years if there have been any changes to a plan or no later than every 10 years if there are no changes.** In the interim, changes can be communicated via a Summary of Material Modification (SMM). SMMs must be distributed to all employees receiving benefits - active and retired - no later than 210 days following the end of the plan year the change was effective.

A number of recent legislative actions require communication by SMM or updated SPDs to employees regarding:

- 1) **Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008**
To lessen financial stress for individuals in the military reserves, Congress has eased the "irrevocable election" rules for health Flexible Savings Accounts (FSAs). With the HEART act, reservists who are called to active duty for a minimum of 180 days (or an indefinite period) are able to receive their FSA account balance in cash. Employers with FSAs need to update their documentation to reflect this allowable distribution.
- 2) **Genetic Information Nondiscrimination Act (GINA) of 2008**
GINA prohibits discrimination by group health plans and their insurance providers based on genetic information. Such genetic information includes genetic testing and family disease and/or disorder history.

For plan years that begin after May 21, 2009 (or January 1, 2010 for a calendar year plans), group health plans and providers are **not** permitted to do any of following:

- Adjust group premiums or contributions based on genetic information;
- Request or require a prospective member or their family to be genetically tested;
- Request, require, or purchase genetic information for underwriting purposes or before member can enroll in the plan.

- 3) **Mental Health and Addiction Parity**

If your health plan includes benefits for mental health or substance abuse, you will need to align those benefits with new requirements after October 3, 2009 (January 1, 2010 for a calendar year plans).

See next page for more.

Recent legislative actions, continued...

3) **Mental Health and Addiction Parity**

Your health plan cannot have:

- Lower annual or lifetime maximums for mental health or substance abuse;
- Greater limits to the amount of covered visits, inpatient coverage, or any other restrictions to the length or scope of treatments available;
- Higher copayments, deductibles or out-of-pocket maximums for mental health or substance abuse;
- Restrictions on coverage level for out-of-network benefits on mental health or substance abuse if out-of-network is available for other medical services.

4) **Michelle's Law**

For health plans that cover dependent children over age 18, coverage adjustments need to be made for Michelle's Law. Any plan years that begin on or after October 9, 2009 (or January 1, 2010 for calendar year plans) need to offer continued coverage for covered dependents that are full-time students and need to take a "medically necessary leave of absence" from a college or post-secondary educational institution.

5) **Medicaid and State Children's Health Insurance Program (SCHIP)**

As of April 1, 2009, the SCHIP is expanded to require new health plan enrollment rights for employees and their eligible dependents. These new enrollment rights come into effect when an employee or their dependent(s) become eligible for a premium subsidy for coverage under their employer's plan through Medicaid or SCHIP, or when employees or dependent(s) have lost Medicaid or SCHIP coverage. This update needs to be included in all plan, SPD, and enrollment materials and employees need to be provided with notice of the premium assistance available.

We're not attorneys and don't provide legal advice, but the better informed employees are about their benefits, the better decisions they are able to make. And this information needs to be as up-to-date as possible to avoid any complications for your employees and any compliance issues for you. It's in everyone's best interest to provide up-to-date information employees need to use their benefits effectively and wisely.

BeneCom Associates has over 17 years experience in helping companies communicate with their employees. Updating an SPD can seem like a daunting task, so let us worry about the details.

To learn more about us call **860.674.2626** or visit us [online](#).

This newsletter is brought to you by the employee communication specialists at BeneCom Associates, The Write Source and Red Jasper.