



POWER

through Partnership

*When do I
need an
SMM?*

*What are the
distribution
rules?*

SMM FAQs

Summary of Material Modifications

- When is an SMM required?
 - Whenever a **material change** to the plan occurs
- What is considered a “material change”?
 - This could be any number of changes, including but not limited to the addition or removal of a benefit offering, address and phone number changes, a benefit moving from fully insured to self-funded or vice versa, etc.
- What if just the design of the plan changes and nothing else?
 - An SMM would not be warranted in that case. We don’t mention plan design in our Wrap and Cafeteria Plan SPDs.
- When must plan participants be notified about any material changes to the plan?
 - Within 210 days following the conclusion of the plan year.
 - **NOTE: Clients should not wait a full 210 days to provide notice regarding a material change to the plan.**
 - **As a best practice, SMMs should be provided as soon as the information is known/confirmed. Further, the SMM should be physically or virtually “stapled” to the SPD for distribution either in hard copy or electronic format, respectively. This information should be provided to all new hires as well.**

When do I
need an
SMM?

What are the
distribution
rules?

- What if there is a **material reduction** in health benefits being offered?
 - If the material change results in a reduction in health benefits being offered, participants will need to be notified within 60 days following the adoption of such a change.
 - **NOTE: Clients should not wait a full 60 days to provide notice regarding a benefit reduction. Best practices dictate that the SMM should be distributed prior to the reduction going into effect.**
 - **Some examples of a material reduction include scenarios such as a Dental or Vision plan being discontinued after a certain date and not being replaced, an employer deciding that spouses are no longer eligible for Medical/Rx coverage, etc.**
- Are the distribution rules for SMMs different from Wrap SPDs?
 - No, the same rules would apply. [See our guidance.](#)
- Can I incorporate these changes into the Wrap SPD instead of issuing an SMM?
 - Yes, this would be the recommended approach in certain situations. We can discuss those further on a case-by-case basis and determine what makes the most sense.
- Is there a particular format that must be followed with the SMM?
 - No, there is no Compliance standard as it pertains to SMM formatting. If you would like to create a “fancier” version of what we have provided you are more than welcome to do so. We have some Account Executives who have opted to include graphics, make it look like something that would be included in an employee handbook, etc. We provide the SMMs in Word format so that you are able to customize them further if interested.
- What information should be included in the SMM?
 - Plan Name, Plan Sponsor’s Name, the specific Plan provisions being modified, the effective date of the changes, the effective date of the Wrap SPD being modified by the SMM, information about whom to contact regarding any follow up questions, etc.
- What if the deductible amounts change or something else that is not already included in the Wrap SPD?
 - An SMM would not be necessary in this instance, although you will want to ensure that the carrier/TPA documents are updated to accurately reflect such changes.
- If the group’s Wrap SPD and Cafeteria Plan SPD merely states that the HCFA annual and rollover limits will be capped at the IRS maximum, do we even need an SMM?
 - No, an SMM would not be necessary in this instance. The open enrollment “benefit guide” and corresponding open enrollment presentations mention the new, annual limit along with the rollover dollar limit, so there’s no reason to update your SPD with an SMM to share the new, inflation-indexed numbers.

Type of Plan Change

Timing Guideline

Off-Renewal Change Affecting the Content of the SBC

Participants must be notified **60 days IN ADVANCE** of the off-renewal changes affecting the SBC

“Material Reductions” in Services or Benefits

Must furnish participants with a written description of the change **within 60 days after its adoption**

Summary of Material Modifications

SMM must be provided no later than **210 days from the close of the plan year** in which the change is adopted

AND IN ALL CASES...

A revised SPD must be provided no less than **five years** from the date the previous version was provided
(and every 10 years if there are no revisions, like that ever happens)