

Summary of Material Modification (SMM)

What Constitutes a Material Modification Warranting SMM?

Whenever one of your health and welfare employee benefit plans are changed or when there is a required change to the information provided in the Summary Plan Description (SPD), participants must be informed, either through a revised SPD or more commonly through a Summary of Material Modification (SMM). The following are examples of material changes warranting SMM notices:

- ✓ Provisions that establish new benefits or services;
- ✓ Changes that eliminate benefits or services;
- ✓ Changes that increase premiums, deductibles, coinsurance, copayments;
- ✓ Provisions that establishes new conditions or requirements;
- ✓ Modifications that narrow or expand the circumstances under which benefits are paid;
- ✓ Changes to any of the terms of the plan, not reflected in the most recently provided Summary of Benefits and Coverage (SBC) and;
- ✓ Terminating the plan or parts of the plan.

When Must SMM be distributed?

Material modifications that reduce health plans benefits or services must be distributed to participants as soon as possible, but no less than 60 days before the plan's adoption of the reduction unless already covered in an SPD distributed within this time frame. If the modification does not reduce a benefit, the SMM must be distributed within 210 days after the end of the year in which the modification became effective.

How to Deliver SMM?

SMM must be furnished in a way that is reasonably calculated to ensure actual receipt using one of the below methods. Keep documentation to be able to prove to the DOL notices were given.

1. First, second or third class mail
2. Hand-delivered (more challenging to prove delivery, unless obtained a signature)
3. Electronically