

New Requirement 2012: Summary of Benefits and Coverage

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Providing Clear and Consistent Information to Consumers about Their Health Insurance Coverage

Affordable Care Act Ensures Insurers and Plans Provide Simple Summaries of What is Covered and What You Pay for Health Services

Today, many consumers don't have access to information in plain English to help them understand the coverage they have or the differences in the coverage and benefits provided by health plans when they shop for a new plan. The same is true for employers who offer coverage to employees or who are shopping for health coverage to offer their employees. Thanks to the Affordable Care Act, that will change. Under proposed rules announced today, health insurers and group health plans will provide the 180 million Americans with private insurance with clear, consistent and comparable information about their health plan benefits and coverage. Specifically, the proposed regulations provide rules implementing Affordable Care Act provisions that would ensure consumers have access to two forms that will help them understand and evaluate their health insurance choices. These forms include:

- An easy to understand Summary of Benefits and Coverage; and
- A uniform glossary of terms commonly used in health insurance coverage such as "deductible" and "co-pay".

The proposed summary form and glossary were developed through a public process led by the National Association of Insurance Commissioners (NAIC) and a working group composed of stakeholders. These stakeholders include representatives of health insurance-related consumer advocacy organizations, health insurers, health care professionals, patient advocates including those representing individuals with limited English proficiency, and other qualified individuals. During its process, the working group met monthly, invited public input, and conducted consumer testing of the language and forms, sponsored by both consumer and industry groups. Today's guidance proposes to adopt the recommendations submitted by the NAIC after that process. We welcome further input on them before they go into use starting March 23, 2012.

These innovative tools of disclosure have been consumer-tested to ensure they will have measurable impact on the ability of consumers to more fully understand their health coverage. Recent studies, including one from Consumers Union, the nonprofit publisher of *Consumer Reports*, show that forms like the ones proposed today help consumers fully understand their insurance coverage and its value, making it easier to find the coverage that is best for their needs. Consumers in these studies took particular note of the practical detail provided in the Coverage Facts Label and how this detail enabled them to make a cost-benefit analysis before purchasing coverage.

Summary of Benefits and Coverage

Under the rules proposed in the guidance, insurance companies and group health plans will provide consumers with a concise document detailing, in plain language, simple and consistent information about health plan benefits and coverage. The proposed

regulations contain standards that are intended to ensure that this summary document, the Summary of Benefits and Coverage, will help consumers better understand the coverage they have and, for the first time, allow them to easily compare different coverage options. It will summarize the key features of the plan or coverage, such as the covered benefits, cost-sharing provisions, and coverage limitations and exceptions. People will receive the summary when shopping for coverage, enrolling in coverage, at each new plan year, and within seven days of requesting a copy from their health insurance issuer or group health plan.

This Summary of Benefits and Coverage will include a new, standardized health plan comparison tool for consumers known as “Coverage Examples,” much like the Nutrition Facts label required for packaged foods. The Coverage Examples would illustrate what proportion of care expenses a health insurance policy or plan would cover for three common benefits scenarios—having a baby, treating breast cancer, and managing diabetes. Using clear standards and guidelines provided by the Center for Consumer Information and Insurance Oversight (CCIO) in consultation with the National Guideline Clearinghouse, plans and issuers will simulate claims processing for each scenario so consumers can see an illustration of the coverage they get for their premium dollars under a plan. Additional scenarios may be added in the future. The examples will help consumers understand and compare their share of the costs of care under a particular plan and see how valuable the health plan will be at times when they need the coverage.

With the information provided in the Summary of Benefits and Coverage, as well as the specific illustrations of how this coverage will work, consumers can find the best coverage for themselves and their families – and employers can find the best coverage for their business and their employees.

Uniform Glossary of Terms

Under the proposed regulations, consumers will have a new tool to help them understand some of the jargon that makes it impossible to figure out what is covered and how one insurance plan stacks up compared to another. To allow apples-to-apples comparison, terms would be the same across all plans. Insurance companies and group health plans will be required to make available upon request a uniform glossary of terms commonly used in health insurance coverage such as “deductible” and “co-pay”. To help ensure the document is easily accessible for consumers, the Departments of Health and Human Services (HHS) and Labor will also post the glossary on the new health care reform website, www.HealthCare.gov and www.dol.gov/ebsa/healthreform/.

Accessing this Information

Under the rules in the proposed regulations, beginning on March 23, 2012, all health insurance issuers and group health plans will provide the Summary of Benefits and Coverage and the uniform glossary to consumers.

- **Information when shopping for coverage:** Often, health plans only provide marketing material on the plan or policy before its purchased, giving consumers a selective understanding of what they are buying. Now, consumers will have the critical information on their choices upfront, before they buy coverage, allowing them to make a more informed decision.

An issuer or health plan will automatically provide a Summary of Benefits and Coverage to a consumer prior to enrolling in coverage and 30 days prior to reissuance or renewal of their health coverage so they are informed about the coverage they have.

- **Information when coverage changes:** People enrolled in a health plan must be notified of any significant changes to the terms of coverage reflected in the Summary of Benefits and Coverage at least 60 days prior to the effective date of the change.
- **Information on demand:** A shopper or person enrolled in coverage can request a copy of the Summary of Benefits and Coverage and must receive it within seven days. The uniform glossary will also be made available upon request, as well as in a link provided in the coverage label by the plan or insurance company. The Departments will also post a copy on www.HealthCare.gov and www.dol.gov/ebsa/healthreform/.

Use of Information Technology and Reducing Burden on Employers and Issuers

The proposed rules were developed with the goals of balancing effective communication and ease of comparison for individuals with minimization of cost and duplication. The Summary of Benefits and Coverage may be disclosed to consumers in either paper or electronic form if certain consumer safeguards are met. Therefore, it may be possible for a plan or issuer to post the Summary of Benefits and Coverage on its website or on HealthCare.gov, or provide it by email. Electronic disclosure is expected to reduce costs while consumer safeguards are designed to ensure actual receipt by individuals.

Public Comment

In keeping with the three Departments' commitment to a transparent rulemaking process, this proposed rule is open to public comments for 60 days from the date of publication in the Federal Register. The proposed rules request comment on how the Summary of Benefits and Coverage and the uniform glossary can be provided to individuals while minimizing undue cost and burden on employers and health insurance issuers. Comments are also requested on different methods of providing the uniform glossary and the Coverage Examples, in the interest of streamlining compliance and making the implementation of these requirements as workable, efficient and user-friendly as possible.

To view the proposed template for the Summary of Benefits and Coverage, visit:

<http://www.healthcare.gov/news/factsheets/2011/08/labels08172011b.pdf>

To view the Notice of Proposed Rulemaking or learn how to submit public comment, visit:

[Summary of Benefits and Coverage and Uniform Glossary](#)

[Templates, Instructions, and Related Materials under Public Health Service Act](#)

Other technical information is available at: <http://cciio.cms.gov>

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