

Newsroom

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

Today, consumers lack access to information in plain English to help them understand the health insurance coverage they have or, when they shop for a new plan, the differences in health plan benefits and coverage. The same is true for employers who offer coverage to employees or who are shopping for health coverage to offer their employees.

The current patchwork of non-uniform and intricate consumer disclosures makes shopping for coverage inefficient, difficult, and time-consuming. As a result of the difficulty in obtaining comparable information across and within health insurance markets, consumers have trouble finding and choosing the coverage that best meet the health and financial needs of themselves, their families, or their employees. Thanks to the Affordable Care Act, that will change.

Under section 2715 of the Public Health Service Act, created by section 1001 of the Affordable Care Act and implemented in the new rules announced today, health insurers and group health plans will provide clear, consistent and comparable information about health plan benefits and coverage to the millions of Americans with private health coverage. Specifically, the rules ensure consumers receive two key forms that will help them understand and evaluate their health insurance choices:

- ε A short, easy-to-understand Summary of Benefits and Coverage (or “SBC”); and
- ε A list of definitions (called the “Uniform Glossary”) that explains terms commonly used in health insurance coverage such as “deductible” and “co-payment”.

These consumer-friendly forms, the SBC and glossary, were developed by the Departments of Labor, Health and Human Services and the Treasury (the Departments), based primarily on model forms created through a public process led by the National Association of Insurance Commissioners (NAIC) and a working group including 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. The forms also reflect comments that the Departments sought directly from the public.

These innovative new disclosure documents went through two rounds of consumer testing, sponsored by both consumer and industry groups, to ensure they will have a 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 announced today help consumers better understand their insurance coverage and its value, making it easier to find the coverage that is best for them. Consumers in these studies took particular note of the coverage examples, a new plan comparison tool for health insurance consumers included in the SBC, which allowed them to compare how a health plan’s coverage works for certain medical scenarios.

Summary of Benefits and Coverage (SBC)

As directed by the Affordable Care Act, health insurance companies and group health plans will soon provide consumers with a concise document detailing, in plain language, simple and consistent information about health plan or individual insurance policy benefits and coverage. The SBC will help consumers better understand the coverage they have and 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. The SBC will be available to consumers at important points in the enrollment process, such as when they are shopping for coverage, when they apply for coverage, at each new plan year, and at any time upon request.

The SBC will include a new, standardized health plan comparison tool for consumers known as “coverage examples” – using a format modeled on the Nutrition Facts label required for packaged foods. The coverage examples will illustrate, for comparison purposes, what proportion of the cost of care a health insurance policy or plan would cover for a sample patient for two common medical situations—having a baby and managing type 2 diabetes. Additional scenarios will be added in the future as feedback is gathered from consumers. These examples will help consumers understand and compare a sample patient’s share of the costs of care under a particular plan and have a better idea of how valuable the health plan will be at times when they may need the coverage.

The SBC will make it easier for health insurance consumers to find the best coverage for themselves and their families – and for employers to find the best coverage for their business and their employees.

Uniform Glossary of Health-Coverage and Medical Terms

Consumers will also have a new resource to help them understand some of the most common, and sometimes confusing, language used in health insurance documents. Health insurance companies and group health plans will be required to make available a uniform glossary of health-coverage and medical terms commonly used in those documents, such as “deductible” and “co-pay”. To help ensure the document is easily accessible for consumers, the Departments of Health and Human Services and Labor will also post the glossary on www.HealthCare.gov, www.cciio.cms.gov, and www.dol.gov/ebsa/healthreform.

Accessing this Information

Starting on September 23, 2012, health insurers and group health plans will begin providing the summary of benefits and coverage and the uniform glossary to consumers. Insurers and group health plans will provide:

- **Information when shopping for coverage:** In the past, consumers shopping for health coverage might only be able to obtain marketing materials about a policy, offering consumers only a limited understanding of what they’d be buying. Now, consumers will be able to receive the critical information on their choices upfront, before they buy coverage, helping them to choose the coverage that best meets their needs
- **Information when coverage is renewed:** Consumers will receive the SBC before each new plan or policy year so they can see how their coverage is changing before deciding whether to renew or reenroll in coverage.

- ε **Information when coverage changes:** If there are any significant changes in coverage in the middle of the plan or policy year, health plans and insurers will be required to notify their enrollees and policyholders at least 60 days before the changes take effect.
- ε **Information on demand:** Whether shopping for health insurance or already enrolled in coverage, consumers will be able to request the SBC at any time, and health plans will have to provide it within seven business days. Consumers will also be able to request and receive the uniform glossary within seven business days. In addition, the glossary will be publicly displayed on www.HealthCare.gov, www.cciio.cms.gov, and www.dol.gov/ebsa/healthreform.

Use of Information Technology and Reducing Burden on Employers and Insurers

These final rules seek to provide flexibility to plans and insurers while addressing the information needs of consumers. Assuming certain consumer safeguards are met, the final rule ensures that in the vast majority of cases, the SBC can be provided electronically, allowing a plan or issuer to post the SBC on its website or provide it by email. Electronic disclosure is expected to reduce costs while consumer safeguards are designed to ensure actual receipt by individuals. Additionally, the final rule provides flexibility in the instructions for completing the SBC in recognition of unique plan designs.

To view the final template for the summary of benefits and coverage, visit:
<http://cciio.cms.gov/resources/other/index.html#sbcug>

To view the final rule, visit: <http://www.ofr.gov/inspection.aspx>

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