



No More Sticker Shock

Insurance plans to provide clear cost information

Imagine comparing insurance plan benefits just as you might compare the nutritional content in two boxes of cereal. Under proposed regulations from the U.S. Department of Health and Human Services (HHS), insurers would be required to provide a basic Summary of Benefits and Coverage, or SBC, which would function much like nutrition labeling on food products.

The proposed regulation is just one of many ways that the 2009 health reform law protects consumers. The Patient Protection and Affordable Care Act, or ACA, requires insurers to offer clear and accurate summaries of the benefits and coverage of each plan.¹ And unlike the ACA's many other consumer protections, which will not be fully phased in until 2014, proposed regulations would require insurers to begin offering SBCs in March 2012.²

Empowering Consumers

Health insurance shopping can be a daunting task. A survey conducted by consulting firm McKinsey and published in the *Wall Street Journal* found that 72 percent of consumers found understanding the cost and coverage of insurance plans confusing.³ Additionally, 57 percent stated that shopping for health insurance was overwhelming.⁴

The ACA requires insurers to provide information that will make it easier. The SBC — developed by HHS in coordination with the National Association of Insurance Commissioners⁵ — will help consumers compare plans on the basis of benefits, premiums, and out-of-pocket costs.

The proposed regulation requires insurers to clearly explain the premium, deductible, other plan features and limitations, and out-of-pocket costs for common medical events.⁶ Three examples — baby delivery, breast cancer treatment, and managing diabetes — with complete cost breakdowns are provided.

Finally, the regulation requires insurers to provide consumers with updates to the SBC 60 days prior to the scheduled change. If a consumer — either prior to or after enrolling in coverage — requests an SBC, insurers must provide it within seven days. Finally, insurers must make available upon request a glossary of insurance terms. HHS will make this uniform glossary publicly available on healthcare.gov.

Consumers, insurers, and members of the public may make comments, including recommendations and complaints, on the proposed regulations through mid-October.

¹ Patient Protection and Affordable Care Act, Public Laws 111-148 & 111-152. Section 2715.

² "Providing Clear and Consistent Information to Consumers about Their Health Insurance Coverage," [Healthcare.gov](http://www.healthcare.gov/news/factsheets/labels08172011a.html), U.S. Department of Health and Human Services, August 17, 2011. <<http://www.healthcare.gov/news/factsheets/labels08172011a.html>>.

³ Anna Wilde Mathews and Janet Adamy, "Health-Plan Buyers Get a Look Under the Hood," *Wall Street Journal*, August 17, 2011.

⁴ <http://online.wsj.com/article/SB10001424053111904253204576512494056148396.html?mod=googlenews_wsj> (Accessed August 18, 2011).

⁵ Wilde Mathews and Adamy.

⁶ Susan Voss and Sandy Praeger, National Association of Insurance Commissioners, Transmittal Letter to Secretary Kathleen Sebelius and Secretary Hilda Solis, July 27, 2011. <http://www.naic.org/documents/committees_b_consumer_information_uniform_enrollment_criteria_transmittal_letter.pdf>.

⁷ Proposed Template for Summary of Benefits and Coverage, [Healthcare.gov](http://www.healthcare.gov/news/factsheets/labels08172011a.html). Accessed August 18, 2011.

⁸ <<http://www.healthcare.gov/news/factsheets/labels08172011a.html>>. For a sample completed Summary of Benefits and Coverage, see National Association of Health Insurance Commissioners, July 27, 2011.

<http://www.naic.org/documents/committees_b_consumer_information_uniform_enrollment_criteria_summary_benefits.pdf>.