Updated 2/18/2013

In the Spotlight: Health Care Reform and Uniform Coverage Documents

Health insurance is a highly complex product, and few would dispute that it can be perplexing for the average consumer to grasp. In an attempt to simplify things, the Affordable Care Act (ACA) required the US Department of Health and Human Services (HHS) to develop a "Summary of Benefits and Coverage" (SBC) and a Uniform Glossary of insurance terms to assist individuals with understanding their coverage.

Implemented well, these SBCs can make comparing different health coverage options easier for consumers. HHS frequently compares the standards to being akin to Nutrition Facts labels found on food; but unfortunately, evaluating the benefits of a PPO is not as simple as evaluating the nutritional value of a can of peas.

Nutrition Facts

Serving Size 125g

Amount Per Serving

Calories 65 Calories from Fat 2

% Daily Value*

Total Fat 0g 0%
Saturated Fat 0g 0%
Trans Fat
Cholesterol 0mg 0%
Sodium 1mg 0%
Total Carbohydrate 17g 6%
Dietary Fiber 3g 12%
Sugars 13g
Protein 0g

Vitamin A 1% • Vitamin C 10%
Calcium 1% • Iron 1%

*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

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Basics about the Documents

The ACA statutorily requires that health insurers and health plan sponsors provide an SBC to all applicants, enrollees and policyholders beginning on September 23, 2012. The implementation date was delayed from the original target date of March 23, 2012, as explained later.

Commonly referred to as part of the SBC, the **Uniform Glossary** is actually a standalone document and is simple enough – it's a static document that will include definitions of certain medical terms which are common in the health care system, but confusing for consumers (e.g. "out-of-pocket", emergency medical condition, durable medical equipment etc.). The Glossary must be made available to plan participants within 7 days upon request, in either paper or electronic form.

The **Summary of Benefits and Coverage** is a much more personalized document and therefore, more complicated and costly to create. In general, the SBC must be provided when a plan or individual is comparing their coverage options; it also must be updated if their information changes, for example, at renewal. For employers, an SBC *for each benefit package offered* must be provided to each participant or beneficiary at the time of enrollment, at renewal, and at other times must be provided upon request.

According to proposed regulations released in August 2011, each SBC must include a great deal of plan-specific information including *but not limited to*:

- A **description of the coverage**, including cost sharing, for each category of benefits;
- The **exceptions, reductions and limitations** of coverage;
- **Cost-sharing provisions** of the coverage, including deductible, coinsurance and copayment obligations;
- Specifics surrounding **renewability and continuation** of coverage provisions;
- **"Coverage Examples"** that illustrate benefits provided under the plan for common benefits scenarios (including pregnancy and serious or chronic medical conditions).

The SBC is restricted to four pages, front and back, printed in at least a 12-point font, although most are running to 9 or 10 pages in order to include all the required information. SBCs must use language that the average consumer could understand. It is required to be presented in a "culturally and linguistically appropriate way", and must be made available in certain non-English languages. This offering is included on the SBC in four languages.

Background and Timeline for Implementation

The ACA directed HHS to work with the National Association of Insurance Commissioners (NAIC) to develop the standards by March 23, 2011. Plan sponsors and health insurance issuers were then required to provide all applicants, enrollees, and policy holders with the summary documents by March 23, 2012. NAIC's recommendations were made on July 27 - four months later than required - and were largely accepted at face value by the three federal agencies (HHS, Labor, Treasury) responsible for implementation, as reflected by the draft regulations released in August 2011.

Facing scrutiny from employers, insurers and other affected stakeholders – many of whom believed implementation by March of 2012 was technically impossible and potentially extremely costly – a delay in implementation was announced on November 17, noting that it is "…anticipated that the Departments' final regulations, once issued, will include an applicability date that gives group health plans and health insurance issuers sufficient time to comply." The new date of September 23, 2012, was determined, with a "best faith effort" request for the first year.

BCBSNC Views

BCBSNC strongly supports (and has led North Carolina's) efforts to promote consumer education and increased transparency in the health care system. While the intent of providing uniform coverage summaries is good (and popular), the first draft regulation providing details for how the provision must be implemented was far more complex than expected by industry observers and presented insurers with an enormous (and expensive) administrative burden. Absent significant changes, it has potential to increase insurance premium costs without adding significant value for consumers.

For More Information:

Healthcare.gov on Uniform Summary Documents: http://www.healthcare.gov/news/factsheets/2011/08/labels08172011a.html

Kaiser Family Foundation: Uniform Summaries: http://www.kff.org/healthreform/upload/8244.pdf