

In the Spotlight: Transparency in an Era of Health Care Reform

Introduction

Today, as more individuals and families gain access to insurance through the Affordable Care Act (ACA) and Health Insurance Marketplace for the first time, there exists significant confusion about health care terminology and lack of understanding of how a health plan works. Health insurers aim to simplify the complexities of insurance so consumers can make better, smarter decisions. Information across several dimensions, including **price**, or *premiums*, *out-of-pocket costs*, *health care service prices*, **access**, or *provider network*, **benefits**, or *what services are covered*, and provider **quality** are all critical to understanding how health insurance works and making good health care decisions.

Types and Uses of Transparency

When shopping for health insurance, many consumers make their purchase decision based on the details of the plan provided by the health insurer. Types of information that a consumer might encounter while shopping for a plan include:

- Premium and out-of-pocket amounts to estimate monthly costs
- Benefit design details, such as whether prescription drugs or maternity benefits are covered by your plan
- Plan network to view the names and types of providers that are included in your plan

Once members select a health plan, it is important that they have access to *additional* information about how a plan works to help guide health care decisions. Health insurers may provide tools to help members navigate network providers, service prices and provider quality. This information will help members plan out where to go for care and the financial impact on their cost-sharing responsibilities. For instance, a health insurer may offer a tool that allows members to see not only the total cost of a procedure, but their specific cost once the deductible and coinsurance are applied. Tools can allow members to compare providers side-by-side to assess price and even quality metrics.

Health insurers may participate in public reporting programs that collect data about health insurance plans. This type of reporting may be used for health communities, policy makers, and consumers to understand trends in health care.

Transparency Rules of the Road

North Carolina's Legal Requirements:

- **Price:** All insurers are required to provide description of their premium rates¹ along with other financial performance-level detail² to the NC Department of Insurance (NCDOI) as part of the approval process prior to selling any plan in the state of North Carolina. State law also requires health insurers in North Carolina to share claims information with their members, including information on the price of health services after a claim is incurred.³ Recently in 2013, NC General Assembly passed a law to collect information on the prices for the most frequently used inpatient services for the top five insurers in the state, to be submitted by hospitals.⁴
- **Access:** Health insurers must create a provider directory with information about the provider name and location, as well as whether they are accepting new patients.⁵ This information must be kept up-to-date and made available to members.

¹ N.C.G.S. 58-51-95(h)

² N.C.G.S. 58-10-200(a)

³ N.C.G.S. 58-63-15 Sec. 11(f)

⁴ N.C.G.S. 131E-214.13

⁵ N.C.G.S. 58-3-245

- **Benefits:** A health insurer must provide its members with a contract that includes details about benefits, covered services, cost-sharing and terms and conditions of coverage.⁶
- **Quality:** Each health insurer must develop a process for credentialing providers to ensure that their network providers have the required qualifications.⁷

ACA Federal Requirements:

- **Price:** The ACA and accompanying guidance requires that insurers provide a statement of benefits and coverage (SBC), which includes plan-specific cost information for members once they purchase a plan. This includes a description of cost sharing for each category of essential health benefits and cost-sharing provisions of the coverage, including deductible, coinsurance, and copayment obligations. This must be available to members of individual or group market plans.⁸
- **Access:** All Qualified Health Plans, sold on- or off-Health Insurance Marketplace, must provide an online provider directory, identifying providers not accepting new patients.⁹ This requirement aligns with state requirements above.
- **Benefits:** Within an SBC, described above, insurers must include a description of covered services, as well as non-covered services and examples of how your insurance coverage would apply to sample services.¹⁰
- **Quality:** Starting in 2016, a quality rating system will be displayed on the Marketplace to help consumers gauge the relative quality and price of health plans sold, as well as member satisfaction with the health plan options.¹¹

Outside of the requirements in law, it is good practice for a health insurer to make sure its members are equipped with information about their plans' prices, benefits, network and quality. There are many common-sense principles that govern the success of health care transparency in helping members make good health care decisions.

- **Packaging of transparency information matters:** Tools that insurers use to deliver plan information need to be user-friendly. That means tools should a) categorize services into meaningful cost and quality components, b) use easy-to-understand terms for describing plan components and c) highlight the most important impacts of each option on members' financial and health outcomes.
- **Need transparency across dimensions of health plan:** Health insurance and health care can be complicated. Members need to consider the effects of the price, access, benefits and quality options in *combination* to best understand how their plan choice or health care service choice will affect them.

BCBSNC Views

At BCBSNC, we are supportive of transparency efforts and go to lengths to ensure we meet state and federal transparency requirements and market best practices. We currently offer members tools to ensure transparency across each of the dimensions described above, like our Treatment Cost Estimator to show health service prices. In this era of change and rising health care costs, BCBSNC is dedicated to continuing the conversation with members to identify and communicate meaningful information necessary for health care decision-making.

For More Information:

BCBSNC's Treatment Cost Estimator:

<http://www.bcbnsnc.com/content/campaigns/mycost/index.htm?cmpid=mycosthp>

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⁶ N.C.G.S. 58-65-60(c)

⁷ 11 N.C.A.C. 20 .0401

⁸ ACA Sec. 2715a

⁹ 45 CFR 156.230(b)

¹⁰ ACA Sec. 2715a

¹¹ 78 CFR 69418



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