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News Release

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Health Reform to Require Insurers to Use Plain Language in Describing Health Plan Benefits, Coverage

People in the market for health insurance will soon have clear, understandable and straightforward information on what health plans will cover, what limitations or conditions will apply, and what they will pay for services thanks to the Affordable Care Act – the health reform law – according to final regulations published today.

The marketing materials that insurers use can sometimes make it difficult for consumers to understand exactly what they are buying. The new rules, published jointly by the Departments of Health and Human Services, Labor and Treasury, require health insurers and group health plans to provide concise and comprehensible information about health plan benefits and coverage to the millions of Americans with private health coverage. The new rules will also make it easier for people and employers to directly compare one plan to another.

"All consumers, for the first time, will really be able to clearly comprehend the sometimes confusing language insurance plans often use in marketing," said HHS Secretary Kathleen Sebelius. "This will give them a new edge in deciding which plan will best suit their needs and those of their families or employees."

Under the rule announced today, health insurers must provide consumers with clear, consistent and comparable summary information about their health plan benefits and coverage. The new explanations, which will be available beginning, or soon after, September 23, 2012 will be a critical resource for the roughly 150 million Americans with private health insurance today.

Specifically, these rules will ensure consumers have access to two key documents that will help them understand and evaluate their health insurance choices:

- A short, easy-to-understand Summary of Benefits and Coverage (or "SBC"); and
- A uniform glossary of terms commonly used in health insurance coverage, such as "deductible" and "co-payment."

All health plans and insurers will provide an SBC to shoppers and enrollees at important points in the enrollment process, such as upon application and at renewal.

A key feature of the SBC is a new, standardized plan comparison tool called "coverage examples," similar to the Nutrition Facts label required for packaged foods. The coverage examples will illustrate sample medical situations and describe how much coverage the plan would provide in an event such as having a baby (normal delivery) or managing Type II diabetes (routine maintenance, well-controlled) These examples will help consumers understand and compare what they would have to pay under each plan they are considering.

Today's rules finalize the proposed rules issued in August 2011. Input was received from such stakeholders as the National Association of Insurance Commissioners (NAIC) and a working group composed of health insurance-related consumer advocacy organizations, health insurers, health care professionals, patient advocates including those representing people with limited English proficiency, and others. The final rules aim to ensure strong consumer information while minimizing paperwork and cost.

To view the template for the Summary of Benefits and Coverage and the glossary, visit:
http://cciio.cms.gov/resources/other/index.html#sbcuq

To view the Final Rule, visit: http://www.ofr.gov/inspection.aspx

For more information on the rules announced today, visit:
http://www.healthcare.gov/news/factsheets/2011/08/labels08172011a.html

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Note: All HHS press releases, fact sheets and other press materials are available at *http://www.hhs.gov/news*.

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