U.S. Department of Labor
Office of Health Plan Standards and Compliance Assistance
Employee Benefits Security Administration, Room N–5653
200 Constitution Ave. NW
Washington, D.C. 20210
Attention: RIN 1210–AB52

October 21, 2011

Dear Sir or Madam:

Thank you for the opportunity to provide our perspective on the new Summary of Benefits and Coverage (SBC) template and accompanying uniform definitions. We commend the hard work many, many individuals have contributed to get the template to this point of public comment.

We believe in the spirit of the SBC and what it can accomplish. We see a time when this summary could supplant a significant portion of plan sponsor-generated health care communication. We respectfully offer suggestions on how to improve the document for all Americans, so that the SBC never becomes just a legally required document, that in our experience would be almost wholly ignored.

TERMS
There is nothing more basic to health literacy than standard, uniform terms. And, unfortunately, the insurance industry does not have standardized terms. Our greatest hope for the SBC is to accomplish this. As a country, we can then focus our energies on explaining the concepts, so Americans can become better consumers of health insurance. Without this foundation, confusion will continue, and Americans won't be able to engage in the more arduous task of seeking price transparency within doctor and hospital settings.

Standardize the out-of-pocket term. There is no term more important to the core meaning of insurance than the out-of-pocket maximum, and it appears to be the one term that is not actuarially standardized. When paired with other uniform definitions, it gives the illusion of an apples-to-apples comparison. In your own consumer testing, you attest to how challenged consumers are to understand key concepts—leading your team to add a diagram. We have experienced this same confusion across a diverse set of employee cultures, education levels, age and salary demographics. And out-of-pocket maximum is one of the terms that causes the most confusion. Few people understand how quickly copays can add up. When those are sometimes included and sometimes excluded from the out-of-pocket maximum, it makes it very difficult for the average person to understand what level of protection they are actually purchasing.

The diagram about Jane's costs perfectly illustrates the simplicity we seek in explaining an out-of-pocket maximum—but technically, this diagram is incorrect without standardizing the term. We appreciate the compromise of adding a "Why This Matters" column to the template but still feel strongly that, without this underlying uniformity, these standardized definitions undermine the goal of the SBC. This term becomes even more confusing when you layer in coverage for

multiple people (family deductibles and family out-of-pocket limits) and in- and out-of-network differences. Can we give Americans a bottom line—your financial exposure is $X, after paying $X premium—so they can purchase coverage that gives them security and peace of mind?

Standardize family terms. Traditional PPO and POS plans often calculate family deductibles and out-of-pocket maximums differently than the mandated definitions for an HDHP. For instance, if Jane covers herself, her husband and two kids, in many PPO plans her breast cancer bills would not be enough to fully satisfy either the family deductible or the family out-of-pocket maximum. When her son breaks his leg, Jane would again be responsible for his bills until satisfying another individual deductible amount. Or, instead, Jane might need to satisfy the full family deductible. She rarely ever knows this when shopping for plans. The rules under an HDHP are different. Families underappreciate their financial exposure when family deductibles and family out-of-pocket maximums are considered. This is especially difficult—emotionally and financially stressful—when two or more members of a household are sick.

PLAN FEATURES

You are aware that the traditional PPO and POS plans are morphing and new designs are emerging. To make the SBC an apples-to-apples comparison now and for the future, it must incorporate concepts from those plans. All of these emerging plan designs must be accounted for so that consumers can use the SBC to consistently compare all their options.

High-deductible plans paired with an HSA or HRA are becoming mainstream. Many employers who offer an HSA or HRA alongside an HDHP contribute to the HSA. It is a key feature when cost comparing against a more traditional plan. The differences between HRAs and HSAs must be spelled out too, as that may sway a decision. Finally, as mentioned before, these family deductibles often work differently than traditional health plans.

Tiered networks are on the rise. As you are aware, some employers have networks within networks—so copays may change based on the network used, and individuals get lower copays when using specialty to “preferred” networks. It’s important to see that difference when comparing plans.

Value-based design and wellness incentives require strong communication. As you are aware, some value-based designs are not just two different plans—but one plan with two different payment tiers linked to consumer actions. If the SBC does not allow for that side-by-side visual of the payment differences, the plans lose a great deal of their value to motivate individual consumers to take specific actions. Additionally, wellness program incentives can be an important part of an employer’s plan design—changing the premium cost or depositing funds into an HRA or HSA after certain wellness objectives are met. The SBC instructions must be clear on the flexibility to change the premium amounts and, again, how or where to show possible deposits into an HRA or HSA.

SCENARIOS

These scenarios will be a real eye-opener for Americans and a huge step forward in cost-transparency. In our work, personal scenarios are just the thing to help individuals interpret complex plan-design information. We appreciate there is no perfect way to highlight just three scenarios and expect to capture the diversity in American health. That said, we have two recommendations:

Help families understand their financial exposure. Few individuals have one isolated health incident, and many Americans choose to cover one or more family members on their health plans. How can the scenarios be used to illustrate how a family with routine, and perhaps one major health issue, might share costs with the plan? We don’t have a concrete recommendation, but we see this as an issue that plan sponsors will need to address in order for the SBC to educate their full employee population.

Increase coverage scenarios to reflect more diversity. The regulations indicate a desire to increase the coverage scenarios. Choose scenarios that highlight unforeseen costs and Americans who don't typically think about cost.

DELIVERY

We feel the SBC can be most useful as an educational tool at the time of enrollment. Most plan sponsors offer employees this opportunity to review their options in the fall, in advance of a January 1 plan-year start. We are in strong support of following similar effective date rules as other aspects of the PPACA—so that the SBC would be mandated immediately prior to the start of the plan year following March 23, 2012.

We are in full support of electronic distribution of these notices, for all the reasons under discussion in the related Request for Information earlier this year—the key points being cost and accessibility. Printing and mailing materials to individuals' homes is a costly annual expense and not in line with most companies' desire to be environmentally friendly. And, in our experience, print documents are not saved for longer than the enrollment period and do not serve as a reference piece. For these two reasons, employers have been moving away from large print packets and are investing in dynamic always-available web resources. We recommend the best practice communication strategy of making important education tools and legal documents available online, on the Internet without a password.

Thank you again for the opportunity to provide feedback. If we may be of further assistance, please contact us.

Jennifer Benz
Founder and Chief Strategist
T: 415.806.3005
jen@benzcommunications.com

Liz Webler Rowell
Senior Consultant
T: 773.931.3487
liz@benzcommunications.com

About Benz Communications

As a benefits communication consulting company, our mission is to work with HR/Benefits professionals who sponsor group health plans to develop engaging communication solutions that drive employee understanding of—and participation in—the benefits our clients' organizations provide. The plan sponsors we are proud to call our clients understand that their investments in employee benefit programs yield business value *only if* employees understand, appreciate and use the programs that are part of their benefit packages.