

November 9, 2011

To: Nancy Ann DeParle, Deputy White House Chief Of Staff
Jeanne Lambrew, Deputy Assistant to the President for Health Policy
Gene B. Sperling, Director of the National Economic Council

RE: Implementation of the Summary of Benefits and Coverage (SBC) rule.

We are writing to you as national and state groups representing millions of American health care consumers, as health care practitioners, and as consumer advocates urging that the Summary of Benefits and Coverage (SBC) rule be promptly, effectively, and fully implemented.

The SBC provision of the Affordable Care Act (ACA) requires group and individual health plans to use a uniform, four-page form that allows consumers to better understand health plan coverage and compare their options. Congress adopted this key provision—and applied it to every “group health plan and a health insurance issuer offering group or individual health insurance coverage” in the United States, including grandfathered plans—because Congress concluded that Americans do not now have adequate information to choose and understand insurance coverage available to them.

The SBC rule proposed by HHS, DOL and Treasury is based on a form prepared by a stakeholder group convened by the National Association of Insurance Commissioners (NAIC) including regulators, insurers, and consumers. America’s Health Insurance Plans (AHIP) not only participated in the process of drafting this rule, but also conducted its own consumer testing of the proposed rule, which found:

There was universal support for a simplified, standardized format for summarizing plans across the industry. Participants felt it would be helpful in understanding their own plans but perhaps most importantly as a means to compare and ultimately choose plans.

We are, therefore, dismayed to find that insurers and business groups have filed comments with the agencies asking that the implementation of the rule be delayed by almost two years and that it not be implemented at all with respect to the 170 million Americans insured through their jobs, in defiance of the express requirements of the law.

Americans need the protection of the SBC provision. It is a widely known fact that Americans often do not understand their insurance coverage or choices available to them. In part, this is because current disclosures are inadequate. Those with employer coverage are entitled to request a different type of document called the Summary Plan Description. However, this document is not an acceptable substitute for the SBC. The Summary Plan Description can be over a hundred pages long and is often

incomprehensible to average American workers. One recent study found that the average employer summary is written at a college reading level.¹

Full implementation of this form is needed to protect individual health insurance purchasers but also to make our health insurance markets work better. Another study found that consumers pay far more than they would if health insurance were less opaque, easier to decipher, and more readily comparable.²

Providing the ability to meaningfully shop for coverage doesn't just impact those who purchase insurance in the non-group market. It is also important for the 54% of covered workers who are employed by firms that offer more than one option for health coverage. Informed choice is also vitally important to hundreds of thousands of small employers who must choose a plan to cover their employees and millions of American families who must choose between coverage offered to two or more employed family members. But the SBC is also important to insured Americans who do not have a choice among plans. They also need to understand the scope of their coverage to use it effectively to protect the health of themselves and their families.

The SBC form developed by the NAIC stakeholder group is a huge step forward, as demonstrated by consumer testing.³ It is written in comprehensible language and sets out the most important benefits and limitations of coverage options. Particularly important are the statutorily mandated "coverage examples," which allow consumers *for the first time* to see how their plan actually works in terms of covering specific health issues such as maternity, cancer, or diabetes.

On behalf of millions of Americans, we urge you to not delay implementation of the SBC requirement, weaken the provisions, or excuse any plan from full compliance with the law.

Thank you.

¹ Colleen E. Medill, EBRI Fellow, and Richard L. Wiener, Brian H. Bornstein, and E. Kiernan McGorty. "How Readable are Summary Plan Descriptions for Health Care Plans?" *EBRI Notes*, Vol. 27, No. 10, October 2006. http://www.ebri.org/pdf/notespdf/EBRI_Notes_10-20061.pdf

² Randall D. Cebul, James B. Rebitzer, Lowell J. Taylor and Mark E Votruba. *Unhealthy Insurance Markets: Search Frictions and the Cost and Quality of Health Insurance*, American Economic Review, August 2011.

³ *Early Consumer Testing of the Coverage Facts Label: A New Way of Comparing Health Insurance*, Consumers Union and Kleimann Communications, August 2011.

http://prescriptionforchange.org/wordpress/wp-content/uploads/2011/08/A_New_Way_of_Comparing_Health_Insurance.pdf

Signed

Groups:

AIDS United
Alliance for a Just Society
American Cancer Society Cancer Action Network
American Diabetes Association
American Heart Association/American Stroke Association
American Nurses Association
Asian & Pacific Islander American Health Forum
California Health Advocates
Center for Public Policy Priorities (TX)
Citizen Action of New York
Colorado Consumer Health Initiative
Community Catalyst
Community Service Society of New York
Consumers for Affordable Health Care (Maine)
Consumers Union
Covering Kentucky Kids and Families
Georgians for a Healthy Future
Health Access California
Health Action New Mexico
Health Care For All (Massachusetts)
Health Care For All (New York)
La Fe Policy Research and Education Center
League of United Latin American Citizens
Main Street Alliance
MD Women's Coalition for Health Care Reform
Mid-Valley Health Care Advocates
National Council of La Raza
National Multiple Sclerosis Society
National Partnership for Women and Families
New Yorkers for Accessible Health Coverage
NM chapter of the Alliance for Retired Americans
North Carolina Health Access Coalition
Northwest Health Law Advocates
Oklahoma Policy Institute
Oregon Health Action Campaign
Parent Support Network of RI
Progressive Leadership Alliance of Nevada
Raising Women's Voices for the Health Care We Need
Rhode Island State Council of Churches
TakeAction Minnesota
Texans Care for Children

The Poverty Institute
Toledo Area Jobs with Justice and Interfaith Worker Justice Coalition
Trust for America's Health
U.S. Public Interest Research Group (US PIRG)
Virginia Poverty Law Center
Voices for America's Children
Wisconsin Council on Children and Families
Young Invincibles

Individuals:

Tim Jost, NAIC Consumer Representative
Barb Yondorf, NAIC Consumer Representative
Stacey Pogue, NAIC Consumer Representative
Bonnie Burns, NAIC Consumer Representative
Brenda Cude, NAIC Consumer Representative
Joe Ditre, NAIC Consumer Representative
Steve Finan, NAIC Consumer Representative
Beth Abbott, NAIC Consumer Representative
Kim Calder, NAIC Consumer Representative
Stephanie Mohl NAIC Consumer Representative
Lynn Quincy, NAIC Consumer Representative
Pat Bartels, Private Citizen