

NEW HEALTH INSURANCE RULES WOULD LET CONSUMERS COMPARE PLANS IN 'PLAIN ENGLISH'

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Aug. 19, 2011: What would your health insurance cover if you got pregnant? How much could you expect to pay out of pocket if you needed treatment for diabetes? How do your plan's benefits compare with another company's?

Starting as soon as March, consumers could have a better handle on such questions, under new rules aimed at decoding the fine print of health insurance plans.

Regulations proposed by the Obama administration on Wednesday would require all private health insurance plans to provide current and prospective customers a brief, standardized summary of policy costs and benefits.

To make it easier for consumers to make apples-to-apples comparisons between plans, the summary will also include a breakdown estimating the expenses covered under three common scenarios: having a baby, treating breast cancer and managing diabetes.

Officials likened the new summary to the "Nutrition Facts" label required for packaged foods. "If you've ever had trouble understanding your choices for health insurance coverage ... this is for you," Donald Berwick, a top official at the Department of Health and Human Services, said at a news conference announcing the proposal.

"Instead of trying to decipher dozens of pages of dense text to just guess how a plan will cover your care, now it will be clearly stated in plain English. . . . If an insurer's plan offers subpar coverage in some area, they won't be able to hide that in dozens of pages of text. They have to come right out and say it."

Industry representatives said complying could prove onerous for insurers. 'Since most large employers customize the benefit packages they provide to their employees, some health plans could be required to create tens of thousands of different versions of this new document which would add administrative costs without meaningfully helping employees,' Robert Zirkelbach, press secretary for the industry group America's Health Insurance Plans, said in a statement.

Insurance shoppers would also have to keep in mind that their actual premiums could change after they finalized their application, particularly in the case of plans for individuals, which can continue to adjust benefits based on detailed analysis of members' health history over the next three years.

(After 2014, the health-care law will essentially limit insurers to considering only three questions about applicants: how old they are, where they live and whether they smoke.)

The regulation, which is subject to a 60-day public-comment period, essentially fleshes out details of a mandate established by the health-care law. But it also clarifies a question that the law left somewhat ambiguous: How soon into the application

process can shoppers get the summary from insurers?

The regulations would require insurers to provide the summary on request, rather than waiting until someone applies for a policy or pays an application fee, a position that drew praise from consumer advocates.

"If consumers are really going to be able to compare their options, they should be able to easily get this form for any plan that they would like to consider," said Lynn Quincy, senior health policy analyst for Consumers Union, the nonprofit publisher of Consumer Reports.

In addition to supplying the summary on demand, insurers would have to automatically provide it before a consumer's enrollment, as well as 30 days before renewal of their health coverage. Plans must also notify members of any significant changes to their terms of coverage at least 60 days before the alterations take effect.