

News Release

Consumers Union – Policy and Advocacy Division of Consumer Reports

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Final Health Insurance Label a Good Tool for Consumers to Weigh Insurance Options

WASHINGTON, DC – The final format of a new health insurance label released today takes important steps in demystifying health insurance coverage for consumers while leaving room for future improvements to the disclosure. Referred to as the Summary of Benefits and Coverage form, the rule released today establishes a standard format that consumers can use decipher health insurance offerings.

“A driving force behind the Affordable Care Act was to make the health insurance market work for consumers,” said Lynn Quincy, senior policy analyst for Consumers union, the policy and advocacy division of *Consumer Reports*. “The new Summary of Benefits provides consumers with important insurance information in a standardized way for the first time. Our [consumer testing](http://www.consumersunion.org/pub/pdf/Consumer%20Difficulties%20Selecting%20Health%20Plans%20Jan%202012.pdf) (<http://www.consumersunion.org/pub/pdf/Consumer%20Difficulties%20Selecting%20Health%20Plans%20Jan%202012.pdf>) showed that consumers dread purchasing insurance largely because they don’t understand it and current health plan documents are insufficient. This rule is a big step in helping consumers better understand and evaluate their insurance options.”

The Summary of Benefits and Coverage form is part of the Affordable Care Act as a way for Americans to better understand the coverage offered by health plans. The standardized form, which consumers will start receiving in September, makes it easier to compare plans, and includes a uniform glossary of terms commonly used in health insurance coverage, such as “deductible” and “co-payment.”

Additionally, the summary will include new Coverage Examples that take traditional health plan information, like patient cost-sharing, and calculates the bottom line cost for a consumer for hypothetical medical scenarios. The forms made available in September will feature two examples: having a baby and treating diabetes. HHS intends to include up to four more Coverage Examples, reflecting the fact that consumers found the examples extremely helpful.

Quincy said, “By making the terms of health insurance plans easier to understand, consumers are less likely to find themselves in health plans that don’t meet their needs. We appreciate that HHS recognizes consumers would benefit from additional coverage examples.”

Premiums, a key piece of information that consumers rely on to shop for appropriate coverage, were not included in the final format. Consumer Union will continue to work with HHS to identify ways to include premium information in future versions of the form as it is revised to better serve consumers.

Consumers Union recently [released a report](http://prescriptionforchange.org/press_release/new-report-shows-health-insurance-labels-help-consumers-evaluate-plans) (http://prescriptionforchange.org/press_release/new-report-shows-health-insurance-labels-help-consumers-evaluate-plans) that found consumers believed this new type of health insurance disclosure helped them better understand their coverage options. The report summarizes consumer interviews and usability testing of two labels prototypes developed by the National Association of Insurance Commissioners (NAIC). [To read full report, please click here](http://prescriptionforchange.org/press_release/new-report-shows-health-insurance-labels-help-consumers-evaluate-plans) (http://prescriptionforchange.org/press_release/new-report-shows-health-insurance-labels-help-consumers-evaluate-plans).

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