Cigna supports choice, transparency and quality in order to expand access to care, improve health and provide affordable and sustainable coverage. We believe aligning incentives among employers, individuals and health care professionals is essential to establishing a more cost-effective system that rewards outcomes, quality and health improvement.

Summary of Benefits and Coverage

Provision Summary

Effective for plan years beginning March 23, 2012, health insurers and self-insured group health plans will be required to provide a standard summary of benefits and explanation of coverage to individuals, both before and after enrollment.

The Department of Health and Human Services (HHS) is to provide additional guidance regarding the implementation of the following requirements:

- A glossary of standard medical and insurance terms
- A four-page Summary of Benefits and Coverage describing plan benefits, cost sharing and limitations
- Coverage examples illustrating customer costs based on the specific plan's benefits for common medical scenarios, currently identified as: maternity, breast cancer treatment and diabetes management
- Online availability of documents including Certificates, Summary Plan Descriptions (SPDs) and policies
- Notification of material modifications at least 60 days before their effective date

Failure to provide required information will result in a fine of not more than $1,000 per enrollee.

HHS guidance for this provision was due on March 23, 2011. However, as of October 18, 2011, guidance has not been issued. A Notice of Proposed Rule Making was published on August 22, 2011. The Interim Final Rule is pending.

Cigna's Position on Uniform Summary of Benefits and Coverage

It is in everyone's interest to ensure that plan participants understand the terms of their coverage. Accordingly, Cigna strongly supports the idea of making comprehensive and understandable coverage explanations available to plan participants. However, we have concerns about the proposed requirements. We recommend that HHS consider the following recommendations:

- Allow an enforcement "safe harbor" for large employer plans as long as the required information is available through current documents and tools provided to plan participants, and meet existing ERISA requirements that they be comprehensive and understandable. Requiring the provision of additional and redundant coverage explanation materials would likely have the unintended consequence of confusing or overwhelming plan participants rather than better informing them.
- Allow greater flexibility relative to layout and distribution so employers can coordinate these materials with existing communications that employees recognize and trust. Few employers currently use the proposed landscape format. While some employers print materials, others find that online distribution better meets the needs of their employees.

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- Delay implementation for 18 to 24 months to give insurers, brokers and self-insured plans time to make the changes operational.
- Provide more flexibility in selecting the medical scenarios illustrated in the cost comparisons. Include scenarios that are more representative of the costs for a typical employee who has primarily doctor's office and urgent care visits.
- Simplify the requirement for coverage examples or provide a uniform tool for generating the cost estimates.
- Provide an exemption for plans that cover expatriates outside the U.S. These plans are typically complex and highly customized to comply with the laws of multiple countries. A standardized presentation of benefits would prove to be extremely challenging and confusing to customers.

Impact

Complying with existing requirements would increase costs and may well have the unintended effect of confusing rather than better informing plan participants. The goal of improving access to comparative information could be better met by allowing employers and insurers to build on current benefit communications.

Stakeholder Implications

Employers/ Insurers/ Brokers	■ Increased administrative costs for generating and producing additional documents and tracking distribution ■ Consumer-driven health plans may be misunderstood in the summaries if they do not reflect contributions to accounts ■ Potential legal liability for the costs displayed on documents when an individual's experience differs from the illustration ■ Penalties of up to $1,000 per enrollee ■ Expected increase in call volume and appeals due to confusion over the coverage examples costs ■ No tool currently exists to generate plan-specific cost calculations ■ Sales cycle timing changes required to meet the 60-day advance notice requirement
Consumers	■ Medical scenarios will not apply to all consumers ■ Confusion if an individual's experience differs from the coverage example ■ Receipt of redundant documents will likely have the unintended consequence of confusing or overwhelming rather than informing plan participants
Health Care Professionals	■ Increased volume of medical billing and cost share questions
State Governments	■ Increased administration costs for state ombudsmen offices to respond to consumer inquiries and appeals

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