

## Creating Useful Information for Health Insurance Consumers

In 2010, the National Association of Insurance Commissioners (NAIC) appointed a statutory working group to recommend to Health and Human Services standards for health insurance disclosures required by the 2010 Patient Protection and Affordable Care Act. This paper describes the group's work and the outcomes.

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A goal of health care reform is not only to offer more health insurance options to more consumers but also to increase the information available to them and their advisers as they choose and use health insurance. The Patient Protection and Affordable Care Act of 2010 (PPACA) requires that the Secretary of Health and Human Services (HHS) create standards that will determine how certain information about health insurance is presented to consumers. Specifically, the standards require a summary of health insurance benefits and explanation of coverage for various specified aspects of individual and group health insurance. In addition, the standards require that definitions as well as a "Coverage Facts Label" be provided. All information must be presented in a "culturally and linguistically appropriate manner," using terms the average health insurance plan enrollee would understand.

To accomplish these tasks, the legislation directed the NAIC to appoint a working group with representatives of health insurance-related consumer and patient advocacy organizations and health insurance and health care professionals. In 2010, the working group created draft products of the summary of benefits and glossary. Two organizations, Consumers Union and America's Health Insurance Plans (AHIP), funded or sought funding for consumer testing of the documents. Both groups tested the documents using the focus group method.

Focus group participants indicated they valued both the form and the glossary and provided extensive feedback on the format and design of both. The feedback was used to make significant changes which are reflected in the final versions which appear on NAIC's website ([http://www.naic.org/committees\\_b\\_consumer\\_information.htm](http://www.naic.org/committees_b_consumer_information.htm))

Of more enduring value is what the testing revealed about confusion among health insurance consumers. As Consumers Union's final report (People Talk Research and Consumers Union, 2010) noted, key areas of confusion included: how the deductible and coinsurance work, and the difference between the deductible and out-of-pocket limit and between the out-of-pocket limit and the annual limit. To address these areas of confusion, graphic representations of the relationships among deductibles and other cost-sharing features were created and incorporated into the definitions.

Key findings from the AHIP study (Malbon, 2010) that were consistent with the Consumers Union results were: 1) Consumers value the consistency of information facilitated by the use of a template; 2) Consumers want to know the bottom-line cost when comparing health insurance plans; they want to know about premiums, deductibles, copays, and annual limits; 3) Consumers want real-life examples to help them understand cost-sharing information; they want to know what the allowed amounts would be for common medical procedures; and 4) Focus group participants were not familiar with the concept of a prescription drug tier and how tiers affect their costs.

The work indicated a clear need for consumer education about both the health care delivery system and the health insurance system. In addition, research is needed to examine the role of learning from experience in health insurance, the influence of health literacy, subgroup differences in preferences for consumer health insurance information, and if and how consumers will use information disclosures to make health insurance decisions.

### References

Malbon, J. (2010). *America's Health Insurance Plans Focus Group Summary*. Seattle, WA: JKM Research. People Talk Research and Consumers Union. (2010). *Early Consumer Testing of New Health Insurance Disclosure Forms*. Washington, D.C.: Author.

### Endnote

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