

Grant Outcomes Report

Consumer Testing of the Coverage Facts Label

The Problem:

Among other goals, Federal health care reform seeks to expand access to quality, affordable health insurance coverage. Achieving that goal hinges on well functioning insurance markets and consumers understanding the health insurance options available to them, which will allow them to choose the one that best meets their needs. To promote informed decision-making, the Patient Protection and Affordable Care Act (ACA) requires health insurers to use a new, standardized Summary of Benefits and Coverage form (Summary) to convey the benefits and cost-sharing provisions of their health plan offerings. Insurers were required to use this form starting in 2012, which affected 180 million insured Americans, and may also affect how coverage options are presented in the health insurance exchanges in 2014.

A required component within the Summary is a consumer aid called the "Coverage Facts Label." The label will take traditional health plan information, such as premiums and cost sharing, and calculate what consumers would have to pay out of pocket under different medical scenarios. The National Association of Insurance Commissioners (NAIC) is charged with developing the disclosure form, including the label, and making recommendations to the U.S. Department of Health and Human Services (HHS) for implementation by insurance plans in and outside the Exchange.

An early prototype of the Summary was tested by the Consumers Union and was favorably received. However, consumers still had considerable difficulty understanding cost sharing concepts. There was almost universal confusion about "allowed amounts," "coinsurance," "benefit limits," and "deductibles." This lack of understanding made it a challenge for consumers to estimate how much coverage the plan offered.

KEY INFORMATION:

GRANTEE

Consumers Union of
United States, Inc.

GRANT TITLE

Consumer Testing of
the Coverage Facts Label

DATES

April 2011 – October 2011

FUNDING

2011 Coverage-Solicited

GRANT AMOUNT

\$44,260

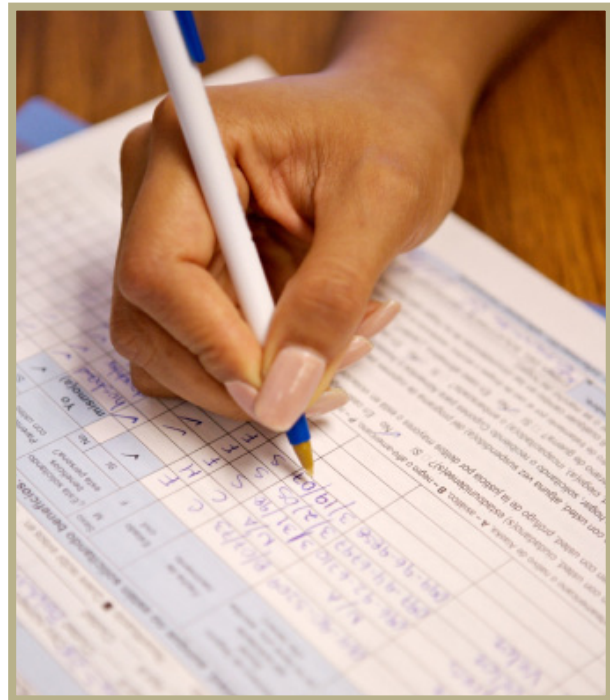
Grant Activities and Outcomes:

With support from the New York State Health Foundation (NYSHHealth) and Missouri Foundation for Health, Consumers Union built on its earlier testing of the disclosure form by conducting consumer testing of the Coverage Facts Label prototype. The testing would answer questions regarding how the Label would help consumers understand their health benefits coverage and cost-sharing provisions based on common medical conditions, and how it affected their decision-making process in selecting a health plan. This testing would help NAIC finalize its recommendations to HHS regarding the disclosure form and label for implementation in 2012.

Consumers Union partnered with an experienced moderator, Kleimann Communication Group, and tested two alternate designs for the Label, each with two different health plan benefit designs. Consumer testing was conducted in two cities—St. Louis, MO and Buffalo, NY—with 16 one-on-one interviews with an equal number of men and women, ranging in age and education levels.

Over all, consumers found that the label filled an important information gap by helping them better understand treatment steps, overall costs, and their share of those costs. Consumers also better understood the role of insurance in providing financial protection against unforeseen medical events and the value of their monthly premiums. They also appreciated the three medical scenarios included in the label, which helped them assess the health plan's level of coverage regarding "common events," such as having a baby, and catastrophic illness (e.g., breast cancer) and chronic illness (e.g., diabetes). Consumers also provided specific recommendations, such as reducing the number of disclaimers, making available short and understandable definitions of key insurance terms, and developing additional medical scenarios.

The testing effort also inspired a similar, smaller-scale testing initiative by America's Health Insurance Plans and the Blue Cross Blue Shield Association, which yielded similar findings.



In August 2011, Consumers Union included all findings and recommendations in a public report, *Early Consumer Testing of the Coverage Facts Label: A New Way of Comparing Health Insurance*,¹ which it submitted to the NAIC and included as part of its overall recommendations to HHS. HHS also cited this report in its Notice of Proposed Rule Making regarding the Summary of Benefits and Coverage.

The project also produced a five-minute video that has been used to illustrate the study findings before a variety of audiences, including NAIC and the Robert Wood Johnson Foundation's Maximizing Coverage grantees. The report has been cited in various ways, including in *Health Affairs* articles and in comments received by the Department of Health and Human Services. The Consumers Union also disseminated the report broadly and presented its findings at numerous forums.

The Future:

On February 9, 2012, HHS released the final rule and format of the Summary of Benefits and Coverage and the Coverage Facts Label. Insurers began providing the template to shoppers and applicants starting with plan renewals in September 2012.² The final format incorporated a majority of the Consumers Union recommendations, which ultimately provide concise and comprehensible information about health plan benefits and coverage to 180 million insured Americans. Most important, the new rules empower millions of consumers to make the optimal decisions for their health care needs. Consumers Union continues to collect feedback on consumers' reactions to the template and provide ongoing feedback to HHS, which has committed to improving the template over time.

¹ To read this report, click here: <http://nyshealthfoundation.org/resources-and-reports/resource/early-consumer-testing-coverage-facts-label>

² An example of the template is available at this link: <http://www.consumerreports.org/SBCInfo>"www.consumerreports.org/SBCInfo

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

Consumers Union (CU) is the policy and advocacy arm of Consumer Reports, an expert, independent, nonprofit organization whose mission is to work for a fair, just, and safe marketplace for all consumers. Founded in 1936, CU employs a dedicated staff of lobbyists, grassroots organizers, analysts, and outreach specialists to comment on policies and proposed regulations and to work with the organization's more than 600,000 online activists to change legislation and the marketplace to protect consumer interests. To maintain its independence and impartiality, Consumer Reports accepts no outside advertising and no free samples, and employs several hundred mystery shoppers and technical experts to buy and test the products it evaluates.

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