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The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Madame Secretary,

Thank you for the opportunity to comment on the proposed Summary of Benefits and Coverage regulation, 45 CFR Part 147. Of specific concern is the requirement that insurers complete coverage examples for inclusion in the Summary of Benefits and Coverage (SBC) documents. Coverage examples promise to offer little value to consumers in comparing plans or in understanding the coverage limitations of their health insurance policy. Coverage examples provide very basic cost information for complex medical conditions that require different levels of care, depending on patients' specific needs. In referring to information on the coverage examples, patients will be frustrated and disappointed when their treatment expenses exceed those illustrated.

Coverage examples will mislead consumers and increase administrative expenses for insurers; further challenging their ability to meet new medial loss ratio requirements. Therefore, the proposed regulation should limit the scope and use of these examples. Detailed suggestions for doing so are listed below.

<u>Limit the number of conditions for which coverage examples are required</u>.
The proposed regulation limits the number of coverage examples that DOL and HHS may require to six. There are three currently proposed: Labor/Delivery, Breast Cancer Treatment and Diabetes Management. If not removed from the regulation as a requirement, the coverage examples should be limited to the three conditions proposed. The Patient Protection and Affordable Care Act (PPACA) does not indicate the number of scenarios for which coverage examples are required. Recognizing the complexity of many health conditions, the unique circumstances of each individual with such conditions as well as the various plan options consumers choose, the use of coverage examples should be limited.

Limit the requirement for coverage examples to individual coverage.
While PPACA requires both group and individual plans to use the DOL/HHS standards for their SBC forms, DOL and HHS should, at least initially, limit the requirement to individual policies. HHS did something similar for the rate review regulations in that PPACA includes large group in the requirement for review of unreasonable rate increases, however; HHS issued a proposed regulation that sets forth a process only for small group and individual plans.

Limit the distribution of coverage examples to policyholders and enrollees
Unfortunately, PPACA requires that coverage examples accompany the summary of benefits and coverage explanation provided to **applicants, enrollees and policyholders.**

Coverage examples provide a very generic, high level summary of what a consumer might expect to pay for specific conditions (using a generic set of circumstances) under a particular health insurance policy. The coverage examples do not offer enough substantive information for consumers to comparison shop and should be limited to enrollees and policyholders. An agent or insurer should be contacted directly to give consumers complete information and help them make educated decisions regarding plan options available to meet their needs.

In this same vein, the following language included under, "About these Coverage Examples," should be removed, *"Use these examples to see, in general, how much insurance protection you might get from different plans."*

Phase in the use of coverage examples
Insurers have numerous plans with options for consumers to add coverage or choose alternative cost sharing arrangements and should not be in a position of expending administrative resources on individualizing each coverage example for each plan design they offer. Rather, as proposed in the regulation, coverage examples should only be provided for the SBC with respect to a subset of all benefit packages offered by issuers. Implementation should stop there and not be applied to all benefit packages in later years, as suggested by the proposed regulation.

In summary, the administrative burden insurers will incur in meeting the coverage example requirement will hurt consumers more than any benefit they gain from the actual examples. Insurers will be forced to pass administrative costs resulting from this requirement and other PPACA provisions to consumers. If unable to do so as a result of MLR requirements, such costs will play into insurer decisions to non-renew products and leave state insurance markets.

Thank you for your consideration of my comments.

Sincerely,

Theodore K. Nickel
Commissioner