



March 2, 2015

Sylvia Matthews Burwell
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Jack Lew
Secretary of the Treasury
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Tom Perez
Secretary of Labor
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20201

Via Electronic Submission (www.regulations.gov)

RE: Notice of Proposed Rulemaking for Summary of Benefits and Coverage and Uniform Glossary – REG-145878-14

Dear Secretary Burwell, Secretary Lew and Secretary Perez:

The Georgetown University Center for Children and Families respectfully submits the following comments to the Department of Health and Human Services, Department of Labor and Department of Treasury (Departments) in response to the proposed regulations related to the Summary of Benefits and Coverage and Uniform Glossary published in the Federal Register on December 30, 2014. We commend the Departments for their continued work in implementing the Affordable Care Act to make quality, affordable health care available to children and families.

The Center for Children and Families is based at Georgetown University's Health Policy Institute with the mission of improving access to health care coverage among the nation's low- and moderate-income children and families. As such, we have a long history of conducting analysis, research and advocacy on issues relating to enrollment in all insurance affordability programs, including Medicaid and CHIP, as well as qualified health plans (QHPs).

We appreciate the chance to offer comments on these proposed regulations. The Summary of Benefits and Coverage (SBC) is a critical tool for consumers to compare plans when shopping for coverage and to understand how to use their coverage once enrolled. We believe there are a number of ways the SBC can be improved to make clearer to consumers what services are covered by the plan, how cost-sharing is applied, and what rules apply when accessing providers, services and treatments. Based on our technical assistance work with Navigators and assisters in several states, we know a regular area of confusion for assisters and consumers is how family deductibles are applied. We are therefore focusing our comments on one recommended improvement that would help consumers better compare plans and understand their benefits, so they can choose the plan that best meets their needs and avoid potentially thousands of dollars in unexpected medical costs.

Embedded versus Aggregate Deductibles: Annual deductibles in plans covering more than one individual can be either "embedded" or "aggregate." An embedded family deductible embeds the individual deductible with each member of the family, so that once a member of the family pays total covered costs equaling the individual deductible, that member has met her deductible for the plan year. Once any combination of family members pays total covered costs equaling the family deductible, the entire family has met the deductible for the plan year. In contrast, the individual deductible is completely irrelevant to a family enrolled in a plan with an aggregate deductible. An aggregate deductible functions as a single family deductible, so that none of the family members meet the deductible until the family has paid total covered costs equal to the family deductible.

The current instructions require plans to show both the individual and family deductible if "there is a separate deductible amount for each individual and the family."¹ The SBC template should be updated so that plans must note which type of deductible applies and why it matters. Without such a requirement, families may not understand key differences in their health plan choices and could face thousands of dollars in unexpected costs because they expect that each member of the family only needs to meet the individual deductible.

The following changes to the SBC would clarify how the deductible applies in family coverage and establish consistency for when the deductible applies to services.

- The instructions should provide language that plans must include in the Why This Matters column for "What is the overall deductible?" The language must explain, in simple terms, whether the individual deductible applies for enrollees in family coverage (embedded deductible) or if a family must meet the family deductible before the plan pays claims for covered services (aggregate deductible). For example:

If aggregate: If you are enrolled in family coverage, once the family has met the family deductible (\$ZZZZ), the plan pays claims for covered services. The individual deductible does not apply in family coverage.

If embedded: If you are enrolled in single/individual coverage, you must meet the individual deductible (\$XXXX) before the plan pays claims for covered services. If you are enrolled in family coverage, the plan begins paying claims for an individual family member once he/she meets the individual deductible (\$XXXX). Once the family has met the family deductible (\$ZZZZ), the plan pays claims for all members of the family for covered services.

Families with one family member with much higher health care utilization than other family members – for example, a family with a child with special health care needs – will likely find a plan with an embedded deductible provides greater protection, since the child will meet his or her individual deductible more easily than the larger family deductible. In contrast, a child with special health care needs who is enrolled in a plan with an aggregate deductible will face higher out-of-pocket costs, since it's likely that all but preventive services will need to total the larger family deductible before services are covered by the plan.

Requiring plans to indicate on the SBC which type of deductible applies, and providing a clear explanation of how the deductibles work, will provide families with an important tool to be better plan shoppers and consumers of health care.

Thank you for the opportunity to provide comments on the proposed changes to the Summary of Benefits and Coverage. We look forward to continuing to work together to strengthen health coverage for children and families.

Sincerely,

Joan Alker
Executive Director

¹ U.S. Department of Labor, What This Plan Covers and What it Costs: Instruction Guide for Group Coverage (proposed Dec. 2014), available at: <http://www.dol.gov/ebsa/pdf/sbcinstructionsgrupproupproposed.pdf>; U.S. Department of Labor, What This Plan Covers and What it Costs: Instruction Guide for Individual Health Insurance Coverage (proposed Dec. 2014), available at: <http://www.dol.gov/ebsa/pdf/sbcinstructionsindividualproposed.pdf>.