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Federal rules would dictate how employers explain health plan coverage

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WASHINGTON—Employers would have to revamp how they communicate and explain their health care plans next year under health care reform law rules proposed Wednesday.

The rules, which would be effective March 23, 2012, would require employers to provide employees with an “easy-to-understand” summary of benefits and coverage and, upon request, a glossary of commonly used health care coverage terms, such as deductible and copay.

The summary of benefits and coverage would have to include the portion of expenses a health care plan would cover in each of three situations: having a baby, treating breast cancer and managing diabetes.

Additional examples might be added in the future, according to the rules proposed jointly by the Health and Human Services, Labor and Treasury departments.

Novel approach

Benefit experts say they have never before heard of using such an approach.

In addition under the proposal, employers would have to notify plan participants at least 60 days before making any significant modification to plan coverage during the plan or policy year.

For employers, complying with the new rules “will be a major effort,” said Jennifer Henrikson, senior counsel at Aon Hewitt Inc. in Lincolnshire, Ill.

The proposed rules are to be published in the Aug. 22 issue of the Federal Register.

The proposed rules on communicating health care benefits followed by one week the three agencies' proposed rules that would make it easier for employers to determine if their health care plans are affordable (/article/20110812/NEWS03/110819914) . Starting in 2014, employers whose plans fail that affordability test are liable for a \$3,000 penalty for each employee that is eligible for federal premium subsidies to purchase coverage through state health insurance exchanges.

For in-depth coverage of this topic and related issues, visit our Solution Arc on What Benefits Managers Need to Know About Health Care Reform
(<http://www.businessinsurance.com/section/NEWS030102>) .
