

From: [Natalie Sotak](#)
To: [E-OHPSCA2715.EBSA](#)
Subject: Summary of Benefits and Coverage comments
Date: Wednesday, October 12, 2011 3:46:40 PM

Dear Department of Labor,

HealthNow Administrative Services (HNAS) is a TPA that helps administer medical plans for more than 200 clients, representing 80,000 lives. We have been working to implement the template for the Summary of Benefits and Coverage, but are having many practical issues with the wording and format. With several key issues unresolved, we are requesting a delay in the effective date of the Summary of Benefits requirement for at least a year, and then have it applicable only at renewal of the group. Below are some of the key issues outstanding.

- It appears that the proposed Summary of Benefits template was created from the fully-insured point of view, but the vast majority of US health plans are self-funded. We recognize that since NAIC works with state insurance departments in their management of the fully-insured health marketplace, its approach would have been fully-insured in nature. However, under ERISA's preemption provisions, state insurance departments generally do not have authority over self-funded welfare benefit plans.
- The terminology used in self-funded programs does not usually coincide with that used by insurance carriers in their fully-insured policies of insurance--terms such as "policy", "policy period", and "premium" would potentially be replaced by "SPD", "benefit/calendar year", and "contribution".
- The template is not user friendly for the self-funded plan sponsor nor for third party administrators that will be managing the process for their clients. Using the template in the suggested version from the NAIC could lead self-funded plan participants to believe that the program they are looking at is a fully-insured program. Providing a comparable self-funded version of the Summary will help dissuade them of such a belief.
- Finally, a lot of employee time will be required to create these Summaries. In the self-funded market, each plan has customized features--they are not the standard plans used by many insurance carriers. Each summary will have to be individually crafted at a significant expense to the self-funded employer. For example, we have a client that has 23 different plan designs. Creating summaries for each tier of coverage (Employee, Employee + Spouse, Employee + Child(ren), and Family) would result in 92 different summaries for this client. That overabundance of information would likely be overwhelming and confusing to the average plan participant.

We thank you for your consideration to give us the opportunity to improve the Summary to fit self-funded benefit plans, and we look forward to a positive response to our suggestions.

Sincerely,

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