



Insurance Company 1: Plan Option 1 Coverage  
Period: 01/01/2013 – 12/31/2013  
Summary of Benefits and Coverage:  
What this Plan Covers & What it Costs Coverage for  
Individual + Spouse | Plan Type: PPO

# DECODING Your Health Insurance:

## The New Summary of Benefits and Coverage

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The New Summary of Benefits and Coverage**

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## Introduction

Consumers need clear information about the benefits provided by their health insurance plans—what’s covered, what isn’t covered, and what costs they’re responsible for. Yet research has found that consumers have significant difficulty understanding health insurance plans. This has a direct impact on consumers’ health: Without a clear understanding of what their insurance covers, consumers are more likely to delay or forgo care, to make uninformed choices about treatment, and to end up with large and unexpected bills. That will change beginning on September 23, 2012, when the Affordable Care Act will, for the first time, give consumers the right to concise, comparable, plain-language descriptions of the benefits and costs under private health insurance plans. This information will be provided in the new Summary of Benefits and Coverage.

The Summary of Benefits and Coverage will help the nearly 173.5 million people (65.1 percent of non-elderly Americans) who have private health insurance. It will help them decode the terms and conditions of their coverage and make informed health care decisions, regardless of whether they get their health insurance through a job or purchase coverage in the individual insurance market. To find out how many people with private insurance will be helped at the state level, Families USA analyzed data from the U.S. Census Bureau’s Current Population Survey (CPS).

The Summary of Benefits and Coverage will also bring transparency to the health insurance marketplace. It will help consumers understand their coverage once enrolled, but these new descriptions will also be a tremendous asset to consumers who are choosing among different health insurance plans. By providing standardized information, these summaries will allow consumers who are shopping for coverage to make apples-to-apples comparisons among plans and to choose plans that meet their needs based on value, rather than based on cost alone.

It is no surprise that the ability to compare plans will help consumers who are shopping for insurance in the individual market, but few may realize that it is also important for the large number of workers who must choose among different plans offered by their employer. To find out just how many consumers work for companies that offer a choice of health insurance plans, Families USA analyzed Medical Expenditure Panel Survey (MEPS) data on the health insurance choices offered by private-sector employers. We found that 71.1 million workers, or 65.6 percent of all workers, are employed by companies that offer a choice of plans. These 71.1 million workers and many of their dependents will now not only be able to understand the terms of the health insurance they choose, but they will also be able to make informed decisions about selecting those plans in the first place.

## Key Findings

### Transparency for Those with Private Insurance

- Nearly two-thirds of non-elderly Americans (nearly 173.5 million people, or 65.1 percent) will be helped by the Summary of Benefits and Coverage (Table 1).
- More than 90 percent of Americans (157.1 million people) who will be helped by the Summary of Benefits and Coverage are insured through a job-based health plan (Table 2).
- Nearly 18.7 million non-elderly Americans who buy health insurance in the individual market will also be helped by the Summary of Benefits and Coverage (Table 3).

### Choice in the Job-Based Market

- Nearly two-thirds of American workers (more than 71.1 million people, or 65.6 percent) are employed by firms that offer a choice of health plans (Table 4).
- Well over eight in 10 people employed by large firms (those with 1,000 or more workers) work for a firm that offers a choice of health plans. That's more than 43.2 million people, or 84.6 percent of all those who work for large firms (Table 5).
- More than one in four (26.7 percent of) small business workers, nearly 8.0 million people, are employed by a small business (those with fewer than 50 workers) that offers a choice of health plans (Table 7).

#### Table Notes

Data in all tables are rounded. As a result, numbers may not add due to rounding.

Tables 1-3 present data from the U.S. Census Bureau's Current Population Survey (CPS). It should be noted that the sum of non-elderly Americans with job-based coverage and those with individual coverage exceeds the total count of non-elderly Americans with private coverage because some individuals report having both job-based and individual coverage during the survey period. In addition, these tables reflect a two-year merge of data (2009-2010, the most recent years for which data are available) in order to ensure sufficient sample size for smaller states.

Table 1.

### Non-Elderly Americans Who Will Be Helped by the Summary of Benefits and Coverage, 2009-2010

State	Total Non-Elderly Americans	Non-Elderly Americans with Private Coverage	
		Number	Percent
Alabama	4,013,500	2,593,200	64.6%
Alaska	635,100	398,000	62.7%
Arizona	5,826,000	3,400,700	58.4%
Arkansas	2,443,300	1,411,300	57.8%
California	32,792,100	19,701,400	60.1%
Colorado	4,471,500	3,181,900	71.2%
Connecticut	3,026,200	2,313,800	76.5%
Delaware	754,100	522,500	69.3%
District of Columbia	530,900	336,400	63.4%
Florida	15,299,000	9,061,500	59.2%
Georgia	8,851,400	5,462,000	61.7%
Hawaii	1,060,200	779,700	73.5%
Idaho	1,344,000	902,900	67.2%
Illinois	11,304,400	7,553,000	66.8%
Indiana	5,512,400	3,682,500	66.8%
Iowa	2,617,200	1,957,200	74.8%
Kansas	2,394,900	1,698,900	70.9%
Kentucky	3,742,600	2,371,000	63.4%
Louisiana	3,907,200	2,347,500	60.1%
Maine	1,084,300	726,100	67.0%
Maryland	5,024,000	3,739,900	74.4%
Massachusetts	5,646,500	4,302,700	76.2%
Michigan	8,501,600	5,917,100	69.6%
Minnesota	4,505,900	3,422,900	76.0%
Mississippi	2,503,900	1,363,000	54.4%
Missouri	5,188,500	3,581,400	69.0%
Montana	820,600	531,900	64.8%
Nebraska	1,559,400	1,159,100	74.3%
Nevada	2,328,700	1,517,800	65.2%
New Hampshire	1,136,000	907,500	79.9%
New Jersey	7,585,900	5,490,200	72.4%
New Mexico	1,725,100	917,000	53.2%
New York	16,702,200	10,653,800	63.8%
North Carolina	8,124,200	4,978,300	61.3%
North Dakota	551,900	422,900	76.6%
Ohio	9,910,900	6,841,200	69.0%
Oklahoma	3,154,700	1,975,200	62.6%
Oregon	3,272,800	2,211,400	67.6%
Pennsylvania	10,493,700	7,615,100	72.6%
Rhode Island	895,000	619,000	69.2%
South Carolina	3,872,200	2,406,100	62.1%
South Dakota	692,800	493,100	71.2%
Tennessee	5,452,800	3,416,200	62.7%
Texas	22,425,700	12,469,900	55.6%
Utah	2,542,400	1,927,000	75.8%
Vermont	539,300	372,400	69.0%
Virginia	6,870,600	4,914,200	71.5%
Washington	5,893,700	4,007,300	68.0%
West Virginia	1,530,800	969,300	63.3%
Wisconsin	4,762,400	3,587,500	75.3%
Wyoming	474,300	328,800	69.3%
<b>United States</b>	<b>266,298,800</b>	<b>173,460,800</b>	<b>65.1%</b>

Source: Calculations by Families USA based on data from the U.S. Census Bureau's Current Population Survey (CPS).

Table 2.

### Non-Elderly Americans with Job-Based Coverage Who Will Be Helped by the Summary of Benefits and Coverage, 2009-2010

State	Non-Elderly Americans With Any Private Coverage	Non-Elderly Americans with Job-Based Coverage					
		Number	Percent of Those with Private Coverage	Number with Coverage Through Own Job	Proportion Covered Through Own Job	Number With Dependent Coverage	Proportion With Dependent Coverage
Alabama	2,593,200	2,396,300	92.4%	1,204,800	50.3%	1,191,500	49.7%
Alaska	398,000	375,500	94.3%	200,700	53.4%	174,800	46.6%
Arizona	3,400,700	3,024,400	88.9%	1,533,800	50.7%	1,490,600	49.3%
Arkansas	1,411,300	1,287,500	91.2%	690,100	53.6%	597,500	46.4%
California	19,701,400	17,325,200	87.9%	8,745,000	50.5%	8,580,200	49.5%
Colorado	3,181,900	2,770,200	87.1%	1,379,900	49.8%	1,390,300	50.2%
Connecticut	2,313,800	2,141,100	92.5%	991,500	46.3%	1,149,600	53.7%
Delaware	522,500	486,100	93.0%	236,600	48.7%	249,600	51.3%
District of Columbia	336,400	302,700	90.0%	212,400	70.2%	90,400	29.8%
Florida	9,061,500	8,056,400	88.9%	4,342,600	53.9%	3,713,800	46.1%
Georgia	5,462,000	4,930,800	90.3%	2,364,200	47.9%	2,566,600	52.1%
Hawaii	779,700	723,400	92.8%	399,800	55.3%	323,700	44.7%
Idaho	902,900	767,400	85.0%	361,000	47.0%	406,400	53.0%
Illinois	7,553,000	6,916,000	91.6%	3,468,600	50.2%	3,447,400	49.8%
Indiana	3,682,500	3,458,400	93.9%	1,651,300	47.7%	1,807,200	52.3%
Iowa	1,957,200	1,749,700	89.4%	871,600	49.8%	878,100	50.2%
Kansas	1,698,900	1,519,000	89.4%	759,800	50.0%	759,200	50.0%
Kentucky	2,371,000	2,196,200	92.6%	1,167,500	53.2%	1,028,700	46.8%
Louisiana	2,347,500	2,111,200	89.9%	1,000,100	47.4%	1,111,100	52.6%
Maine	726,100	662,300	91.2%	340,300	51.4%	322,000	48.6%
Maryland	3,739,900	3,455,100	92.4%	1,725,300	49.9%	1,729,700	50.1%
Massachusetts	4,302,700	3,964,600	92.1%	1,896,500	47.8%	2,068,100	52.2%
Michigan	5,917,100	5,435,200	91.9%	2,451,500	45.1%	2,983,700	54.9%
Minnesota	3,422,900	3,068,200	89.6%	1,494,500	48.7%	1,573,700	51.3%
Mississippi	1,363,000	1,211,700	88.9%	649,600	53.6%	562,100	46.4%
Missouri	3,581,400	3,182,100	88.9%	1,640,000	51.5%	1,542,100	48.5%
Montana	531,900	437,300	82.2%	226,400	51.8%	210,900	48.2%
Nebraska	1,159,100	1,008,300	87.0%	496,400	49.2%	512,000	50.8%
Nevada	1,517,800	1,376,400	90.7%	704,600	51.2%	671,800	48.8%
New Hampshire	907,500	829,400	91.4%	385,000	46.4%	444,400	53.6%
New Jersey	5,490,200	5,128,000	93.4%	2,321,800	45.3%	2,806,200	54.7%
New Mexico	917,000	838,200	91.4%	418,900	50.0%	419,300	50.0%
New York	10,653,800	9,752,300	91.5%	4,942,500	50.7%	4,809,700	49.3%
North Carolina	4,978,300	4,544,200	91.3%	2,504,500	55.1%	2,039,700	44.9%
North Dakota	422,900	352,800	83.4%	184,600	52.3%	168,200	47.7%
Ohio	6,841,200	6,267,500	91.6%	3,092,900	49.3%	3,174,600	50.7%
Oklahoma	1,975,200	1,820,100	92.1%	937,700	51.5%	882,400	48.5%
Oregon	2,211,400	1,956,900	88.5%	1,051,200	53.7%	905,800	46.3%
Pennsylvania	7,615,100	6,972,500	91.6%	3,488,500	50.0%	3,484,000	50.0%
Rhode Island	619,000	571,200	92.3%	281,700	49.3%	289,400	50.7%
South Carolina	2,406,100	2,184,200	90.8%	1,123,500	51.4%	1,060,700	48.6%
South Dakota	493,100	427,100	86.6%	210,300	49.2%	216,800	50.8%
Tennessee	3,416,200	3,084,800	90.3%	1,583,900	51.3%	1,500,800	48.7%
Texas	12,469,900	11,451,900	91.8%	5,803,200	50.7%	5,648,700	49.3%
Utah	1,927,000	1,761,800	91.4%	716,700	40.7%	1,045,100	59.3%
Vermont	372,400	342,400	92.0%	173,700	50.7%	168,800	49.3%
Virginia	4,914,200	4,472,100	91.0%	2,149,200	48.1%	2,322,900	51.9%
Washington	4,007,300	3,573,400	89.2%	1,962,600	54.9%	1,610,800	45.1%
West Virginia	969,300	927,900	95.7%	458,700	49.4%	469,200	50.6%
Wisconsin	3,587,500	3,256,700	90.8%	1,538,400	47.2%	1,718,300	52.8%
Wyoming	328,800	291,900	88.8%	147,300	50.4%	144,700	49.6%
<b>United States</b>	<b>173,460,800</b>	<b>157,145,900</b>	<b>90.6%</b>	<b>78,682,800</b>	<b>50.1%</b>	<b>78,463,100</b>	<b>49.9%</b>

Source: Calculations by Families USA based on data from the U.S. Census Bureau's Current Population Survey (CPS).

Table 3.

### Non-Elderly Americans with Individual Coverage Who Will Be Helped by the Summary Of Benefits and Coverage, 2009-2010

State	Non-Elderly Americans With Any Private Coverage	Non-Elderly Americans with Individual Coverage	
		Number	Percent of Those with Private Coverage
Alabama	2,593,200	234,600	9.0%
Alaska	398,000	27,500	6.9%
Arizona	3,400,700	474,400	13.9%
Arkansas	1,411,300	144,800	10.3%
California	19,701,400	2,440,900	12.4%
Colorado	3,181,900	452,700	14.2%
Connecticut	2,313,800	247,900	10.7%
Delaware	522,500	41,800	8.0%
District of Columbia	336,400	40,000	11.9%
Florida	9,061,500	1,145,900	12.6%
Georgia	5,462,000	576,000	10.5%
Hawaii	779,700	74,600	9.6%
Idaho	902,900	171,100	19.0%
Illinois	7,553,000	769,900	10.2%
Indiana	3,682,500	363,700	9.9%
Iowa	1,957,200	233,900	11.9%
Kansas	1,698,900	188,300	11.1%
Kentucky	2,371,000	185,200	7.8%
Louisiana	2,347,500	282,600	12.0%
Maine	726,100	67,100	9.2%
Maryland	3,739,900	370,700	9.9%
Massachusetts	4,302,700	312,700	7.3%
Michigan	5,917,100	551,900	9.3%
Minnesota	3,422,900	447,300	13.1%
Mississippi	1,363,000	161,100	11.8%
Missouri	3,581,400	523,000	14.6%
Montana	531,900	90,800	17.1%
Nebraska	1,159,100	186,600	16.1%
Nevada	1,517,800	152,200	10.0%
New Hampshire	907,500	89,300	9.8%
New Jersey	5,490,200	439,000	8.0%
New Mexico	917,000	81,000	8.8%
New York	10,653,800	1,027,800	9.6%
North Carolina	4,978,300	498,200	10.0%
North Dakota	422,900	77,900	18.4%
Ohio	6,841,200	686,200	10.0%
Oklahoma	1,975,200	176,300	8.9%
Oregon	2,211,400	312,600	14.1%
Pennsylvania	7,615,100	850,200	11.2%
Rhode Island	619,000	48,700	7.9%
South Carolina	2,406,100	245,500	10.2%
South Dakota	493,100	78,700	16.0%
Tennessee	3,416,200	380,200	11.1%
Texas	12,469,900	1,116,700	9.0%
Utah	1,927,000	197,900	10.3%
Vermont	372,400	31,800	8.5%
Virginia	4,914,200	494,100	10.1%
Washington	4,007,300	485,100	12.1%
West Virginia	969,300	41,300	4.3%
Wisconsin	3,587,500	312,400	8.7%
Wyoming	328,800	37,300	11.3%
<b>United States</b>	<b>173,460,800</b>	<b>18,667,200</b>	<b>10.8%</b>

Source: Calculations by Families USA based on data from the U.S. Census Bureau's Current Population Survey (CPS).



Table 4.

## Number of Firms and Employees Who Work for Firms that Offer a Choice of Health Plans, 2010

State	All Private-Sector Firms			All Private-Sector Employees		
	Total	Offers Two or More Plans		Total	Firm Offers Two or More Plans	
		Number	Percent		Number	Percent
Alabama	87,100	15,200	17.5%	1,450,300	642,500	44.3%
Alaska	17,500	2,200	12.4%	237,000	127,500	53.8%
Arizona	113,300	28,700	25.3%	1,957,800	1,292,200	66.0%
Arkansas	59,300	9,400	15.8%	924,600	514,100	55.6%
California	737,400	204,200	27.7%	12,009,600	9,175,400	76.4%
Colorado	138,000	25,600	18.6%	1,967,500	1,261,200	64.1%
Connecticut	78,600	19,200	24.4%	1,432,400	987,000	68.9%
Delaware	21,300	5,800	27.4%	357,900	254,800	71.2%
District of Columbia	19,600	8,000	40.6%	448,700	333,400	74.3%
Florida	415,600	88,700	21.3%	6,544,800	4,771,200	72.9%
Georgia	191,900	46,600	24.3%	3,163,400	2,148,000	67.9%
Hawaii	28,400	9,900	34.8%	455,000	334,900	73.6%
Idaho	38,300	6,000	15.6%	499,000	223,100	44.7%
Illinois	283,400	68,800	24.3%	4,887,700	3,392,100	69.4%
Indiana	128,800	28,500	22.1%	2,384,500	1,464,100	61.4%
Iowa	80,300	14,900	18.6%	1,208,200	745,500	61.7%
Kansas	70,500	13,700	19.4%	1,109,700	662,500	59.7%
Kentucky	84,400	20,200	24.0%	1,407,800	978,400	69.5%
Louisiana	95,200	19,000	20.0%	1,471,600	834,400	56.7%
Maine	37,200	8,000	21.6%	473,600	297,900	62.9%
Maryland	117,900	35,900	30.5%	1,970,200	1,438,300	73.0%
Massachusetts	148,400	34,000	22.9%	2,770,400	1,739,800	62.8%
Michigan	202,900	36,800	18.1%	3,244,900	2,096,200	64.6%
Minnesota	131,100	22,400	17.1%	2,369,300	1,535,300	64.8%
Mississippi	53,400	11,100	20.8%	784,200	401,500	51.2%
Missouri	132,300	26,800	20.2%	2,181,100	1,352,300	62.0%
Montana	33,100	2,600	8.0%	334,800	143,300	42.8%
Nebraska	50,700	7,100	14.0%	732,300	350,800	47.9%
Nevada	47,900	12,600	26.3%	908,000	631,100	69.5%
New Hampshire	33,600	6,500	19.2%	519,100	287,600	55.4%
New Jersey	196,600	46,900	23.8%	3,239,100	2,150,800	66.4%
New Mexico	40,200	7,800	19.5%	565,900	340,100	60.1%
New York	442,200	85,700	19.4%	7,183,700	4,655,000	64.8%
North Carolina	188,800	34,900	18.5%	3,126,400	1,666,400	53.3%
North Dakota	22,200	2,400	10.9%	295,800	89,900	30.4%
Ohio	232,800	56,900	24.4%	4,340,700	2,808,400	64.7%
Oklahoma	79,000	13,900	17.6%	1,189,100	654,000	55.0%
Oregon	97,900	14,700	15.0%	1,316,900	740,100	56.2%
Pennsylvania	275,200	61,800	22.5%	4,969,700	3,255,200	65.5%
Rhode Island	24,300	4,600	18.8%	411,900	205,100	49.8%
South Carolina	92,400	20,300	21.9%	1,456,100	945,000	64.9%
South Dakota	24,600	2,900	11.9%	308,700	117,300	38.0%
Tennessee	119,200	29,300	24.5%	2,103,700	1,277,000	60.7%
Texas	475,200	113,900	24.0%	8,393,800	5,548,300	66.1%
Utah	56,900	10,700	18.8%	912,600	586,800	64.3%
Vermont	19,700	3,200	16.0%	243,700	107,700	44.2%
Virginia	168,000	50,600	30.1%	2,840,100	2,164,100	76.2%
Washington	149,900	30,800	20.5%	2,378,500	1,529,400	64.3%
West Virginia	34,900	6,900	19.6%	518,400	260,200	50.2%
Wisconsin	127,700	22,700	17.8%	2,225,600	1,451,100	65.2%
Wyoming	18,500	2,200	11.7%	193,000	79,900	41.4%
<b>U.S. Total</b>	<b>6,563,200</b>	<b>1,461,800</b>	<b>22.3%</b>	<b>108,419,200</b>	<b>71,123,000</b>	<b>65.6%</b>

Source: Calculations by Families USA based on data from the Agency for Healthcare Research and Quality Medical Expenditure Panel Survey (MEPS).



Table 5.

## Number of Large Firms and Employees Who Work for Large Firms that Offer a Choice of Health Plans, 2010

State	Large Firms (1,000 + employees)			Employees in Large Firms (1,000 + employees)		
	Total	Offers Two or More Plans		Total	Firm Offers Two or More Plans	
		Number	Percent		Number	Percent
Alabama	16,800	11,600	69.3%	728,500	467,000	64.1%
Alaska	2,100	1,600	72.3%	97,100	81,200	83.6%
Arizona	22,700	18,800	82.6%	971,700	834,700	85.9%
Arkansas	9,200	6,400	70.2%	428,600	355,300	82.9%
California	100,700	86,600	86.0%	5,544,100	5,056,200	91.2%
Colorado	19,300	15,300	79.2%	964,100	892,800	92.6%
Connecticut	10,300	8,700	84.4%	694,000	607,300	87.5%
Delaware	4,000	3,300	81.3%	195,400	168,500	86.2%
District of Columbia	4,500	4,000	88.2%	202,200	192,100	95.0%
Florida	62,100	48,400	78.0%	3,663,600	2,971,200	81.1%
Georgia	33,500	27,300	81.4%	1,585,200	1,358,600	85.7%
Hawaii	4,200	3,200	76.4%	190,300	170,100	89.4%
Idaho	4,800	4,100	84.9%	194,900	149,100	76.5%
Illinois	43,500	37,900	87.2%	2,252,700	1,932,800	85.8%
Indiana	21,500	17,900	83.0%	1,153,900	982,000	85.1%
Iowa	9,800	7,900	81.1%	544,300	481,700	88.5%
Kansas	9,700	7,700	79.9%	485,400	398,100	82.0%
Kentucky	16,000	12,900	80.7%	726,100	637,500	87.8%
Louisiana	16,600	12,500	75.4%	610,300	498,600	81.7%
Maine	4,200	3,700	87.1%	161,600	147,200	91.1%
Maryland	20,200	16,800	83.0%	930,000	829,600	89.2%
Massachusetts	22,400	17,900	80.0%	1,398,800	1,177,800	84.2%
Michigan	28,400	20,300	71.4%	1,448,200	1,200,500	82.9%
Minnesota	14,900	11,800	79.0%	1,121,700	988,200	88.1%
Mississippi	10,500	8,600	81.8%	375,600	280,600	74.7%
Missouri	21,200	14,600	68.8%	1,078,700	823,000	76.3%
Montana	2,800	1,600	58.2%	95,300	66,100	69.4%
Nebraska	5,700	3,800	66.8%	322,400	201,500	62.5%
Nevada	8,300	6,700	80.7%	484,200	387,400	80.0%
New Hampshire	5,000	3,600	71.4%	228,500	177,600	77.7%
New Jersey	25,100	21,500	85.4%	1,502,600	1,319,300	87.8%
New Mexico	6,600	5,300	80.3%	236,500	213,100	90.1%
New York	47,200	38,000	80.5%	2,979,700	2,562,500	86.0%
North Carolina	30,600	25,000	81.6%	1,482,800	1,166,900	78.7%
North Dakota	2,400	1,800	78.5%	101,200	53,900	53.2%
Ohio	44,300	36,000	81.2%	2,198,500	1,884,200	85.7%
Oklahoma	11,200	8,500	75.8%	489,500	401,900	82.1%
Oregon	11,400	8,800	77.3%	582,500	480,000	82.4%
Pennsylvania	41,100	33,000	80.2%	2,390,000	2,067,400	86.5%
Rhode Island	2,600	2,000	75.7%	176,700	112,700	63.8%
South Carolina	16,300	12,700	78.3%	724,000	628,500	86.8%
South Dakota	2,100	1,700	80.9%	95,600	59,400	62.1%
Tennessee	24,200	18,900	78.0%	1,060,000	817,300	77.1%
Texas	88,300	69,800	79.0%	3,981,100	3,240,600	81.4%
Utah	7,700	6,500	84.2%	427,000	397,100	93.0%
Vermont	1,700	1,400	82.5%	62,400	51,000	81.8%
Virginia	32,700	28,200	86.4%	1,396,800	1,252,900	89.7%
Washington	18,700	16,600	88.9%	1,134,300	1,042,400	91.9%
West Virginia	6,400	4,700	74.1%	238,000	171,600	72.1%
Wisconsin	16,200	11,500	70.7%	915,000	786,900	86.0%
Wyoming	1,800	1,400	74.9%	56,200	43,300	77.0%
<b>U.S Total</b>	<b>993,500</b>	<b>798,800</b>	<b>80.4%</b>	<b>51,108,400</b>	<b>43,237,700</b>	<b>84.6%</b>

Source: Calculations by Families USA based on data from the Agency for Healthcare Research and Quality Medical Expenditure Panel Survey (MEPS).

Table 6.

**Number of Mid-Size Firms and Employees Who Work for Mid-Size Firms that Offer a Choice of Health Plans, 2010**

State	Mid-Size Firms (50-999 employees)			Employees in Mid-Size Firms (50-999 employees)		
	Total	Offers Two or More Plans		Total	Firm Offers Two or More Plans	
		Number	Percent		Number	Percent
Alabama	9,700	2,300	23.7%	338,400	149,400	44.2%
Alaska	1,900	400	23.2%	57,300	40,300	70.3%
Arizona	11,600	6,400	55.6%	509,400	364,000	71.5%
Arkansas	7,300	1,800	24.4%	249,000	129,800	52.1%
California	69,400	41,600	60.0%	3,099,800	2,628,100	84.8%
Colorado	12,400	3,900	31.3%	430,000	259,400	60.3%
Connecticut	8,500	4,900	58.1%	348,300	291,100	83.6%
Delaware	2,300	900	41.0%	70,200	51,400	73.2%
District of Columbia	2,500	1,800	69.5%	152,300	104,000	68.3%
Florida	31,700	18,200	57.4%	1,254,500	1,214,400	96.8%
Georgia	20,400	11,000	54.1%	767,700	593,300	77.3%
Hawaii	3,700	3,100	83.7%	134,800	118,600	88.0%
Idaho	3,800	900	24.4%	122,000	59,900	49.1%
Illinois	30,200	14,200	47.2%	1,367,500	1,066,300	78.0%
Indiana	15,400	6,800	44.0%	618,800	359,100	58.0%
Iowa	9,800	4,100	42.0%	322,600	223,200	69.2%
Kansas	7,900	3,600	45.6%	310,300	201,300	64.9%
Kentucky	9,300	4,500	49.0%	309,900	266,500	86.0%
Louisiana	11,500	3,100	27.4%	411,300	244,900	59.5%
Maine	4,100	2,300	56.8%	139,800	104,000	74.4%
Maryland	11,900	7,000	58.4%	492,000	347,200	70.6%
Massachusetts	15,800	8,600	54.3%	658,900	430,900	65.4%
Michigan	21,400	10,100	47.2%	828,200	713,600	86.2%
Minnesota	15,500	5,800	37.4%	603,000	401,400	66.6%
Mississippi	5,800	1,100	19.8%	180,900	94,100	52.0%
Missouri	14,900	6,500	43.6%	518,400	416,000	80.2%
Montana	2,400	500	21.5%	89,000	60,800	68.3%
Nebraska	6,100	1,800	29.6%	194,800	115,500	59.3%
Nevada	5,800	2,600	44.4%	210,000	166,300	79.2%
New Hampshire	3,400	1,500	44.4%	128,600	81,200	63.2%
New Jersey	16,300	6,500	40.0%	806,800	516,300	64.0%
New Mexico	4,400	1,500	33.9%	143,000	99,600	69.6%
New York	40,100	21,100	52.5%	2,085,300	1,499,300	71.9%
North Carolina	21,100	5,000	23.5%	803,400	365,900	45.5%
North Dakota	2,300	300	15.2%	89,200	31,500	35.4%
Ohio	25,800	10,900	42.1%	1,051,000	701,700	66.8%
Oklahoma	9,600	3,200	33.8%	350,900	205,000	58.4%
Oregon	10,700	3,900	36.5%	300,700	215,000	71.5%
Pennsylvania	28,300	12,700	45.0%	1,236,300	845,200	68.4%
Rhode Island	2,500	1,200	47.1%	108,700	59,500	54.7%
South Carolina	10,000	4,400	44.0%	340,500	246,000	72.3%
South Dakota	2,700	600	22.5%	97,500	40,300	41.3%
Tennessee	14,900	6,800	45.3%	505,800	375,800	74.3%
Texas	57,300	24,500	42.7%	2,353,300	1,658,900	70.5%
Utah	6,000	2,700	44.6%	231,400	153,400	66.3%
Vermont	2,100	800	38.9%	80,400	38,900	48.4%
Virginia	16,400	11,100	67.7%	678,100	618,100	91.2%
Washington	16,100	7,300	45.3%	527,600	355,100	67.3%
West Virginia	4,400	1,300	30.1%	123,800	68,000	54.9%
Wisconsin	14,400	5,300	36.7%	637,000	490,400	77.0%
Wyoming	1,900	400	19.8%	49,900	25,800	51.7%
<b>U.S. Total</b>	<b>683,400</b>	<b>312,600</b>	<b>45.7%</b>	<b>27,518,400</b>	<b>19,930,700</b>	<b>72.4%</b>

Source: Calculations by Families USA based on data from the Agency for Healthcare Research and Quality Medical Expenditure Panel Survey (MEPS).

Table 7.

**Number of Small Firms and Employees Who Work for Small Firms that Offer a Choice of Health Plans, 2010**

State	Small Firms (<50 employees)			Employees in Small Firms (<50 employees)		
	Total	Offers Two or More Plans		Total	Firm Offers Two or More Plans	
		Number	Percent		Number	Percent
Alabama	60,600	*	*	383,400	*	*
Alaska	13,400	*	*	82,600	*	*
Arizona	79,100	3,500	4.4%	476,600	93,400	19.6%
Arkansas	42,900	1,100	2.7%	247,000	*	*
California	567,200	76,000	13.4%	3,365,700	1,491,000	44.3%
Colorado	106,200	6,400	6.1%	573,400	108,900	19.0%
Connecticut	59,900	5,600	9.4%	390,100	88,600	22.7%
Delaware	15,000	1,600	10.8%	92,300	35,000	37.9%
District of Columbia	12,600	2,200	17.6%	94,200	37,300	39.6%
Florida	321,900	22,100	6.9%	1,626,700	585,600	36.0%
Georgia	138,100	8,400	6.1%	810,500	196,100	24.2%
Hawaii	20,600	3,600	17.7%	129,900	46,100	35.5%
Idaho	29,700	*	*	182,200	*	*
Illinois	209,800	16,700	8.0%	1,267,500	392,900	31.0%
Indiana	91,800	3,800	4.1%	611,800	123,000	20.1%
Iowa	60,700	2,900	4.7%	341,400	*	*
Kansas	53,000	2,400	4.5%	313,900	63,100	20.1%
Kentucky	59,100	2,800	4.7%	371,800	74,400	20.0%
Louisiana	67,100	3,400	5.0%	450,000	90,900	20.2%
Maine	28,800	2,000	6.9%	172,200	46,700	27.1%
Maryland	85,800	12,200	14.3%	548,300	261,500	47.7%
Massachusetts	110,200	7,500	6.8%	712,700	131,100	18.4%
Michigan	153,100	6,400	4.2%	968,500	182,100	18.8%
Minnesota	100,700	4,900	4.8%	644,700	145,700	22.6%
Mississippi	37,100	1,400	3.7%	227,700	26,900	11.8%
Missouri	96,300	5,700	5.9%	584,000	113,300	19.4%
Montana	27,900	500	1.7%	150,500	16,400	10.9%
Nebraska	39,000	1,500	3.9%	215,100	33,800	15.7%
Nevada	33,700	3,300	9.8%	213,900	77,400	36.2%
New Hampshire	25,200	*	*	162,000	28,800	17.8%
New Jersey	155,100	18,900	12.2%	929,600	315,100	33.9%
New Mexico	29,200	*	*	186,300	*	*
New York	354,800	26,600	7.5%	2,118,700	593,200	28.0%
North Carolina	137,100	5,000	3.6%	840,200	133,600	15.9%
North Dakota	17,500	200	1.3%	105,400	*	*
Ohio	162,700	10,000	6.2%	1,091,100	222,600	20.4%
Oklahoma	58,200	2,200	3.8%	348,700	*	*
Oregon	75,800	*	*	433,800	45,100	10.4%
Pennsylvania	205,700	16,100	7.8%	1,343,400	342,600	25.5%
Rhode Island	19,300	1,400	7.5%	126,500	32,900	26.0%
South Carolina	66,200	3,100	4.8%	391,500	70,500	18.0%
South Dakota	19,800	600	3.0%	115,600	17,700	15.3%
Tennessee	80,100	*	*	537,900	*	*
Texas	329,600	19,700	6.0%	2,059,300	648,700	31.5%
Utah	43,200	1,600	3.6%	254,200	36,300	14.3%
Vermont	15,800	900	5.7%	101,000	17,800	17.6%
Virginia	119,000	11,300	9.5%	765,200	293,100	38.3%
Washington	115,100	6,900	6.0%	716,700	131,900	18.4%
West Virginia	24,100	800	3.4%	156,500	*	*
Wisconsin	97,100	6,000	6.2%	673,600	173,800	25.8%
Wyoming	14,800	*	*	86,800	10,800	12.4%
<b>U.S. Total</b>	<b>4,886,300</b>	<b>350,500</b>	<b>7.2%</b>	<b>29,792,500</b>	<b>7,954,600</b>	<b>26.7%</b>

Source: Calculations by Families USA based on data from the Agency for Healthcare Research and Quality Medical Expenditure Panel Survey (MEPS).

\* Data are not reportable due to sample size.

## Discussion

Health insurance is one of the most expensive and important products we purchase, but many consumers struggle to understand basic information about their health plans. As a result, consumers too often purchase insurance plans that don't meet their health and financial needs, and they don't learn about the limitations of those plans until they become sick and need to use their coverage.

The Affordable Care Act addresses this problem with a new requirement that insurers and employers must provide a uniform Summary of Benefits and Coverage that uses plain language to describe health plan benefits and cost-sharing. These summaries will become available to consumers during this fall's open enrollment period when millions of Americans will be choosing coverage. The Summary of Benefits and Coverage will be a welcome change for the nearly 173.5 million Americans who have health insurance through a private plan (see Table 1). Indeed, a recent poll found that 84 percent of Americans support this provision of the Affordable Care Act.<sup>1</sup>

### Why Do Consumers Need the Summary of Benefits and Coverage?

Difficulty understanding health plan information is pervasive among consumers who are enrolled in, or shopping for, private coverage. Health insurance marketing materials and plan documents are often confusing for consumers, who may not trust that the information in these documents is honest and accurate. Policy documents are typically dozens of pages long and written in complex language that is very difficult for consumers to understand. One study found that the policy documents for job-based health plans are written at a college reading level,<sup>2</sup> but only 13 percent of American adults read at a level that is described as "proficient."<sup>3</sup> This affects how consumers use insurance and their ability to act as informed purchasers in the health insurance market.

Focus group testing has found that the way health plan information is presented has a profound effect on how and whether consumers use the information. This testing reveals that, even when consumers recognize some key terms that are used to describe health coverage, they often do not have a good understanding of the underlying concepts that these terms refer to and are unsure about what they mean in the context of a particular health plan.<sup>4</sup> For example, cost-sharing is one of the most difficult health insurance concepts for consumers to fully understand.

Plan summary documents and descriptions of health insurance plans rarely explain these concepts, how different features of a plan relate to each other, or why the concepts are important in assessing the value of the coverage provided. These problems are compounded when consumers try to compare the benefits offered by different health plans. Research shows that even among people with higher numeracy skills (better mathematical abilities), less than 50 percent end up choosing the health plan that would provide them with the best value.<sup>5</sup>

Consumer confusion about what health plans cover results in unexpected costs and diminished access to care. And consumers' inability to make informed health care decisions affects not only their health, but also the state of our health care system overall: It drives up costs and undermines the effort to improve health care quality and effectiveness.

Recent studies have shown that we can greatly improve how the key features of health plans are described and consumers' ability to obtain plan information.<sup>6</sup> Many of these improvements are included in the Summary of Benefits and Coverage.

## How Will the Summary of Benefits and Coverage Help Consumers?

The Summary of Benefits and Coverage will make health insurance information more accessible to consumers by providing simple, uniform descriptions of health plan information that will help consumers understand the key features of their coverage and compare these features across different health insurance options. Through an analysis of data from the Census Bureau's Current Population Survey, Families USA found that nearly two-thirds (65.1 percent) of non-elderly Americans, or nearly 173.5 million people, will be helped by the Summary of Benefits and Coverage.

The Summary of Benefits and Coverage describes the basic features of a health plan in a few short pages—*without using fine print*.<sup>7</sup> These summaries will include information about the benefits the plan provides, the cost-sharing for each category of benefits, the difference in cost between using in-network and out-of-network providers, and any exceptions to and limitations of coverage. These features will be described in a chart that is easy to navigate. The Summary of Benefits and Coverage will also be accompanied by a glossary of medical and insurance terms that defines words like “co-insurance” and “deductible,” which are commonly used to describe insurance, as well as other insurance plan vocabulary, such as “medically necessary” and “non-preferred provider.”<sup>8</sup>

A complete sample of the Summary of Benefits and Coverage can be found online at <http://cciio.cms.gov/resources/files/corrected-sample-sbc%20FINAL.PDF.PDF>.

The format of the Summary of Benefits and Coverage is similar to the health plan comparison tools that are currently provided to federal employees and members of Congress. In fact, the Office of Personnel Management, which administers health plans for all federal employees and Congress, requires all plans that sell coverage to federal employees to publish brochures that describe the benefits provided by each plan in plain language and in a standardized format that facilitates comparison of multiple plans.<sup>9</sup>

The Summary of Benefits and Coverage will also provide consumers with information on continuing coverage if their insurer tries to cancel their policy or if they lose their job, appealing health plan decisions, and getting assistance when they have questions about their coverage or experience problems. It will also include links to an online copy of the complete policy document for the plan, a list of providers that participate in the plan's network, and information about the prescription drugs covered by the plan, as well as the plan's website and contact information.

Having ready access to a plan's complete policy document is critical when a consumer wants to understand the coverage for a specific health care service. While insurers and employers are currently required to provide health plan documents to consumers once they are enrolled in a plan, these documents are often not easily accessible. Consumers in both job-based plans and plans purchased in the individual market face barriers in obtaining plan documents. For example, in small-group and self-insured job-based plans, these documents are typically provided only to employers, and employees may not know where to obtain a copy of their policy.<sup>10</sup>

The Summary of Benefits and Coverage also includes a new feature called Coverage Examples, which provide real-life examples of how a plan works (see page 13). The Coverage Examples show a breakdown of coverage and costs under the plan for two common health care scenarios: having a baby and managing type 2 diabetes. This feature resembles the nutrition labels that are used on packaged foods. Focus group testing found that this feature was enormously helpful to consumers: Not only does it help consumers better understand the coverage provided by a particular plan, but it also helps consumers understand the value of insurance by making them more aware of how much medical treatment costs.<sup>11</sup> Up to four additional coverage examples will be made available to consumers in 2013.

**Coverage Example**

<b>Managing type 2 diabetes</b> (routine maintenance of a well-controlled condition)	
■ <b>Amount owed to providers:</b>	\$5,400
■ <b>Plan pays</b>	\$3,520
■ <b>Patient pays</b>	\$1,880
<b>Sample care costs:</b>	
Prescriptions	\$2,900
Medical Equipment and Supplies	\$1,300
Office Visits and Procedures	\$700
Education	\$300
Laboratory tests	\$100
Vaccines, other preventive	\$100
<b>Total</b>	<b>\$5,400</b>
<b>Patient pays:</b>	
Deductibles	\$800
Co-pays	\$500
Co-insurance	\$500
Limits or exclusions	\$80
<b>Total</b>	<b>\$1,880</b>

Note: These numbers assume the patient is participating in our diabetes wellness program. If you have diabetes and do not participate in the wellness program, your costs may be higher.

Source: Sample Summary of Benefits and Coverage.

All health plans and insurers will notify people who are shopping for coverage and plan enrollees about the availability of the Summary of Benefits and Coverage at important points in the enrollment process, such as when an insurer receives a request for information about the plan, and when it provides application materials to potential enrollees. Applicants and enrollees can request copies of the Summary of Benefits and Coverage at any time, and plans must send the summaries within seven business days. Plans will also be required to provide a new copy of the Summary of Benefits and Coverage to enrollees when they renew their coverage and when the insurers make any changes to that coverage.<sup>12</sup>

**Choice of Plans Is Common for Consumers with Job-Based Coverage**

While the percentage of Americans who have job-based insurance has declined over the last decade,<sup>13</sup> job-based coverage is still the primary source of coverage for 91 percent of Americans (more than 157 million people) who have private insurance (see Table 2). In addition to providing clear, concise, and timely health plan information to employees, the Summary of Benefits and Coverage will be a critical tool that will allow workers who have an offer of coverage through their employer to easily compare their health plan options.



Through an analysis of Medical Expenditure Panel Survey (MEPS) data, Families USA found that there is a significant amount of choice in the job-based insurance market. In fact, nearly two-thirds (65.6 percent) of private-sector workers, or more than 71.1 million people, are employed by firms that offer a choice of health plans (see Table 4). Among employees of large firms (those with 1,000 or more workers), this percentage rises dramatically, with well over eight in 10 (84.6 percent of) employees, or more than 43.2 million workers, employed by large firms that offer a choice of health plans (see Table 5). Even among employees of small businesses (those with fewer than 50 workers), more than one in four (26.7 percent of) workers, or nearly 8 million small business employees, work for a small business that offers a choice of health plans (see Table 7).

In addition to having a choice of plan through their own employer, significant numbers of workers also have a choice of plans through a spouse's employment. This means that, for many Americans, being able to make informed decisions about coverage options affects not only the worker herself, but also members of the worker's family who are covered as dependants. Half of working Americans—more than 78 million people with job-based insurance—get coverage as spouses or dependants through a family member's plan (see Table 2). The ability of these workers to understand the health plan options that are available to them and the plans that they end up enrolling in will affect access to care for all the people who are covered under their insurance plan. The Summary of Benefits and Coverage will help these workers choose plans that provide the best value for themselves and their families.

### **Consumers Will Have Even More Choices in 2014**

While this report focuses on the needs of consumers in the current health insurance market, it is important to note that, starting in 2014, even more consumers will have access to coverage and additional health plan options through the health insurance exchanges that are being established under the Affordable Care Act. Clear information about health insurance options will be critical for the estimated 23 million Americans who are projected to receive coverage through these exchanges by 2018.<sup>14</sup> The Summary of Benefits and Coverage will be an essential tool for these consumers, many of whom will be buying coverage for the first time and will have limited familiarity with insurance concepts and how to evaluate health plan options.

## Conclusion

The Summary of Benefits and Coverage will serve as a kind of “decoder ring” for millions of Americans who need to understand the terms and conditions of their health insurance. This new clarity and transparency will empower consumers to make informed health care decisions and to choose plans that provide the best value for their families.

\* \* \* \* \*

## Endnotes

<sup>1</sup> Kaiser Family Foundation, *Kaiser Health Tracking Poll—November 2011* (Menlo Park, CA: Kaiser Family Foundation, November 2011), available online at <http://www.kff.org/kaiserpolls/8259.cfm>.

<sup>2</sup> Employee Benefit Research Institute, “How Readable Are Summary Plan Descriptions for Health Care Plans?” *Notes* 27, no. 10 (October 2006): 2.

<sup>3</sup> National Center for Education Statistics, U.S. Department of Education, *National Assessment of Adult Literacy (NAAL)*, conducted in 2003, available online at [http://nces.ed.gov/naal/kf\\_demographics.asp](http://nces.ed.gov/naal/kf_demographics.asp).

<sup>4</sup> Consumers Union, *What's behind the Door: Consumers' Difficulties Selecting Health Plans* (Washington: Consumers Union, January 2012).

<sup>5</sup> Pacific Business Group on Health, *Consumer Choice of Health Plan Decision Support Rules for Health Exchanges: Installment 1* (San Francisco: Pacific Business Group on Health, February 2012), available online at [http://www.pbgh.org/storage/documents/DecisionSupportRules\\_Installment\\_One\\_Brief\\_030112.pdf](http://www.pbgh.org/storage/documents/DecisionSupportRules_Installment_One_Brief_030112.pdf).

<sup>6</sup> Consumers Union, op. cit.; Pacific Business Group on Health, op. cit., *Coverage When It Counts: How Much Protection Does Health Insurance Offer, and How Can Consumers Know?* (Washington: Center for American Progress Action Fund, May 2009).

<sup>7</sup> Center for Consumer Information and Insurance Oversight, Centers for Medicare and Medicaid Services, *Summary of Benefits and Coverage, Insurance Company 1: Plan Option 1*, available online at <http://cciio.cms.gov/resources/files/corrected-sample-sbc%20FINAL.PDF.PDF>.

<sup>8</sup> Center for Consumer Information and Insurance Oversight, Centers for Medicare and Medicaid Services, *Glossary of Health Coverage and Medical Terms*, available online at <http://cciio.cms.gov/resources/files/Files2/02102012/uniform-glossary-final.pdf>.

<sup>9</sup> 5 U.S.C., United States Code, 2010 Edition, Title 5, Part III, Subpart G, Chapter 89, Section 8907, *Information to Individuals Eligible to Enroll*, available online at <http://www.gpo.gov/fdsys/pkg/USCODE-2010-title5/html/USCODE-2010-title5-partIII-subpartG-chap89-sec8907.htm>. For more details on what federal employees receive, see <http://www.opm.gov/insure/health/planinfo/index.asp>.

<sup>10</sup> Telephone conversation between Jennifer C. Jaff, Executive Director, Advocacy for Patients with Chronic Illness, Inc., and Elaine Saly, Families USA, May 8, 2012. Ms. Jaff is a legal services attorney whose clients frequently experience difficulty obtaining health insurance policy documents, whether they are insured through job-based plans or policies purchased in the individual insurance market.

<sup>11</sup> Consumers Union and Kleimann Communications, *Early Consumer Testing of the Coverage Facts Label: A New Way of Comparing Health Insurance* (Washington: Consumers Union, August 2011), available online at [http://prescriptionforchange.org/wordpress/wp-content/uploads/2011/08/A\\_New\\_Way\\_of\\_Comparing\\_Health\\_Insurance.pdf](http://prescriptionforchange.org/wordpress/wp-content/uploads/2011/08/A_New_Way_of_Comparing_Health_Insurance.pdf).

<sup>12</sup> Department of Treasury, Department of Labor, and Department of Health and Human Services, “Final Rule on Summary of Benefits and Coverage and Uniform Glossary,” *Federal Register* 77, no. 30 (February 14, 2012): 8,668-8,706.

<sup>13</sup> Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance in the United States: 2010* (Washington: U.S. Census Bureau, September 2011).

<sup>14</sup> Congressional Budget Office, *Updated Estimates for the Insurance Coverage Provisions of the Affordable Care Act* (Washington: Congressional Budget Office, March 2012).

## Acknowledgments

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