



You've probably distributed your SBCs.

No doubt, you had the good sense not to add sarcasm to your cover letter. But were you slightly tempted by your 'dark side' to send something like this...?

All the content is fictitious. | It's a tongue-in-cheek creation.

Dear Health Plan Participant,

Attached is the government-required Summary of Benefits and Coverage (SBC) for the XYZcorp Health Plan. The government hopes you'll use it to compare our plan with other health plans that are summarized in the SBC format.

For XYZcorp employees, the SBC contains no new information. Virtually all SBC content is already in the government-required Summary Plan Description (SPD) and other communication we have provided. Yes, the required names (SBC and SPD) are confusing.

Unfortunately, the SBC-required appearance and wording do not reflect the exceptional value of our health plan. And the SBC does not explain how well our plan protects you from massive medical expenses – the plan's main purpose. Also, the SBC does not discuss how to estimate your future costs under the plan or how you can help keep your health costs down. The following are some of the important things the SBC misses.

Our plan offers terrific coverage for enormous expenses. In a calendar year, if an enrolled family member has \$50,000, \$300,000 or more in covered network expenses, after you'd pay \$4,000 plus co-pays, the **plan would pay all remaining covered network costs** that year. This is the plan's **ultra-cost-protection** (called 'out-of-pocket maximum' in SBC). The \$4,000 you'd pay is sizeable. But for catastrophic expenses, it's a small part of what the plan would pay. You'd pay more if network doctors and facilities weren't used; and there'd likely be some extraneous charges. The SBC offers no example showing this high-level of plan coverage.

Please estimate your costs; but don't expect precision. To know exactly what your costs will be next year, you'd need to know exactly what treatments and supplies you'll receive and exactly what they'll cost. No one can know that. So, we offer a big-picture estimate:

- ❑ **If you pay \$4,000 in network costs...or more** – fortunately it happens only to very few employees – your cost would be essentially your enrollment contributions plus the \$4,000 in covered services you'd pay before reaching the **ultra-cost protection** level. Then the plan would pay 100% of the remaining covered network expenses for the rest of the year.
- ❑ **If you pay less than \$4,000 in network costs** – what happens to many employees – your cost would be your contributions and the portion of covered bills not paid by the plan (many preventive services are paid in full).
- ❑ **If you have no health costs next year** – it happens to a few employees – your cost would equal your enrollment contributions.

Don't base your estimate only on 'average' health care costs. Most people don't have average health costs. Just 5% of the people spend half of the money. And half of the people spend less than 5% of the money. That's why the 'average' could be \$10,000 a person (total of what they and their plan pay) – but the majority of enrolled people could spend less than \$3,000.

Questions: About the plan, please see your SPD. About the SBC, please contact the Department of Labor (www.dol.gov/ebsa)

The SBC contains only highlights. Some details – such as definitions, limitations, and exclusions – that may be important to you may not be included. Do not use the SBC alone to make important decisions. For more details, see your SPD. The official plan documents are the final authority on how the plan works, what benefits, if any, are paid, to whom and when.

Why the plan does not pay all health costs. XYZcorp and enrolled employees put all the money into an account that pays the covered claims. It's called self-funded. There's no insurance company's money. The plan's administrator uses money in the account to pay the claims.

Most employers our size and larger have self-funded health plans. Buying insurance would cost more.

For many covered expenses, you share the cost with the plan – up to the **Ultra-Cost Protection** level. If the plan paid all health expenses, a lot more money would need to be put into the account. That's why the plan is designed to pay large expenses and certain preventive services – but not all expenses.

Currently, employees contribute about 23% of the money in the account. XYZcorp contributes the rest. (The SBC incorrectly calls contributions 'premiums' – a word for insurance coverage and Cracker Jack prizes.) Next year, if more money is needed to pay the claims, contributions must be increased. That's why it's important for you to make sure your non-emergency health services are cost-effective. Money the plan doesn't payout is money that doesn't have to be paid in.

Don't just compare deductibles. Although the SBC highlights deductibles, there's more to know. A plan with a lower deductible but a higher out-of-pocket limit (ultra-cost protection level) could have higher overall costs for you if you have large expenses. A plan with higher employee contributions, but a lower deductible, could also have higher overall costs for you if you have small expenses. So don't focus on the deductible alone. Be sure to consider all the expenses you could pay – your contributions and the costs not paid by the plan.

**All the best,
The Benefits Department**

You can help control health plan costs

Stay healthy...eat well, exercise, don't use tobacco and avoid unsafe activities – great ways to hold down health costs. That's why we promote wellness.

Watch for problems...get checkups (fully paid by our plan) and attend to small problems before they become serious. If your cholesterol is high, your weight needs to be lower or you if find something suspicious, take action now.

Look for value – effective outcomes at a lower cost...call or email a nurse before seeing a doctor for a common ailment, ask for generics rather than brand-names, use mail order for on-going medications and use 'network' doctors, hospitals and pharmacies for discounts.

Help the treatment work...tell your doctor about all your symptoms, past illnesses and current medications to help avoid misdiagnosis. Also discuss proposed treatment, the frequent side effects and alternatives. Then complete the treatment you agreed to.

Be a good consumer...learn about your condition – become your own health care advocate. And if you're not satisfied with your care or the prices, tell the health care providers.

OMG Control Numbers 12345-2229,
12240-0147, and 0987-1146

Dennis Ackley spent 30 years in benefit consulting. In this irreverent, fake SBC cover letter, he's vented his frustration with what he views as the 'government knows best' attitude regarding health benefit communication. For more of his ideas about benefit communication and retirement education, see Dennis' speeches and articles at dennisackley.com.

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