BENEFITS insights

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Educating Employees on Health Benefits

Employers are responsible for educating their employees about the health coverage options they offer. Employees have the right to receive clearly presented health and benefit information, and assistance reading health materials if needed.

More specifically, employers are responsible for informing employees of:

- What benefits are covered in the offered health plan(s)
- Cost-sharing requirements and arrangements
- Procedures for resolving complaints and appealing decisions
- Licensure, certification and accreditation status
- Methods for measuring consumer quality and satisfaction
- Composition of the provider network
- Obtaining referrals to specialists
- Cost of emergency care services
- Price, quality and safety of health benefits provided by the offered plans

Required Documents
The Employee Retirement and Income Security Act (ERISA) requires health plan administrators to give plan participants specific information about the benefits to which they are entitled, including covered benefits, plan rules, financial information, and documents about the plan's operation and management. This information must be provided in writing on a regular basis, or upon request.

There are certain materials that a plan sponsor must provide to each participant and beneficiary in a plan, even if not requested:

- Summary plan description
- Summary of material modifications (whenever the plan is amended)
- Summary annual report (contains information on the financial condition of the plan)
- Summary of Benefits and Coverage

These materials can be provided electronically, as long as certain requirements are met, including the requirement that the plan member gave consent to receive the documents electronically.

Summary Plan Description
One important document that participants are legally entitled to receive automatically is a plan summary or summary plan description (SPD). Generally, SPDs:

- Outline health care services covered under the plan
- Describe how services are provided and how the plan operates
- Describe how benefits are calculated
- Explain the portion of costs for which the plan is responsible, and the portion of costs for which the participant (or beneficiary) is responsible (e.g., copays or coinsurance)
- Include information about how participants and providers should file claims

Employers have a legal responsibility to educate their employees about the health coverage options they offer. Educate employees with these specific components.

ERISA specifically requires that SPDs include the following types of information:

- Cost-sharing provisions, including premiums, deductibles and coinsurance or copayment amounts
- Annual or lifetime caps or other limits on covered benefits

- The extent to which preventive services are covered under the plan
- Whether, and under what circumstances, existing and new drugs are covered under the plan
- Whether, and under what circumstances, coverage is provided for medical tests, devices and procedures
- Provisions governing the use of network providers, the composition of provider networks and whether, and under what circumstances, coverage is provided for out-of-network services
- Conditions or limits on the selection of primary care or specialty providers

Other Required Communications
Employers are required to provide the following documents to participants upon written request:

- Updated summary plan description
- Terminal report
- Summary annual report
- Copy of any relevant collective bargaining agreement(s)

Also, employers must make certain documents available for inspection by plan participants and beneficiaries:

- Plan description
- Latest summary annual report
- Plan document

Article adapted in part, with permission from the National Business Group on Health article "Primary Care and the Medical Home: Promoting Health, Preventing Disease, and Reducing Cost."