THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

December 9, 2010

Dear Colleagues,

Let me start by expressing my sincere gratitude for the hard work you do every day on behalf of consumers. Working with you, we have begun to put into place the new consumer protections and benefits provided by the Affordable Care Act, and, as a result, the promises of this new law are becoming a reality.

I am writing to inform you of new guidance that gives consumers more information about their health care and the health insurance marketplace. This new guidance ensures that consumers in certain plans with low annual limits are better able to make informed decisions about whether limited benefit health insurance plans, sometimes called "mini-med" plans, are right for them.

Thanks in large part to your efforts, the Affordable Care Act gives consumers greater control over their health care by providing them with information about their health insurance options. The guidance released today is written in this spirit. Under these new rules, health insurers offering "mini-med" plans, which have very low annual dollar limits on benefits, must notify consumers and potential enrollees in plain language that their plan offers extremely limited coverage. HHS has also limited the sale of new mini-med coverage except under very limited circumstances as described in the new guidance.

As we transition to the consumer oriented marketplace of 2014, the Affordable Care Act is phasing out "mini-med" plans. Unfortunately, today, mini-med plans are often the only type of private insurance available to some workers. In order to protect coverage for these workers, HHS has issued temporary waivers of the rules restricting the size of annual limits to some group health plans and health insurance issuers. Waivers last for only one year and are available only if the plan certifies that waiver is necessary to prevent either a significant increase in premiums or decrease in access to coverage.

We strongly believe that, as we move to 2014, consumers should know exactly what they are getting for their premium dollars. The new rules issued today make certain that those who purchase mini-med plans that have received a waiver from the restricted annual dollar limit rules understand the type of coverage they are purchasing. Attached is a copy of the new notice that mini-med plans will be required to display prominently in plan materials in bold, 14-point font to ensure that consumers are forewarned that these policies do not meet the annual limit standards of the Affordable Care Act.

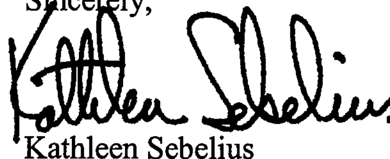
The steps taken today build on other Affordable Care Act policies that help put consumers in control of their health coverage:

- **HealthCare.gov** – This new tool provides extensive information to consumers about their rights and how to navigate the health insurance marketplace.
- **The Patient's Bill of Rights** – The Patient's Bill of Rights stops insurance companies from denying coverage for children based on a pre-existing condition; prohibits insurers from canceling coverage when you get sick based on a mistake on an application; bans insurers from setting lifetime dollar limits on coverage that often impact Americans with serious diseases like cancer; and restricts the use of annual dollar limits on coverage before eliminating annual limits in 2014.
- **Consumer Assistance Programs** – Grants to states will help educate consumers about their new rights and benefits under the Affordable Care Act, empower them to avail themselves of new protections, ensure consumers have access to accurate information, and help consumers navigate the system to find the most affordable and secure coverage that meets their needs.
- **Appealing Health Plan Decisions** – Consumers in new insurance plans will have the right to appeal decisions made by their insurance company to an independent third party.
- **Getting the Most from Your Premium Dollars** – Insurance plans will be required to spend at least 80 percent of the premiums they collect from consumers on medical care, rather than on executive salaries and administrative costs. If they don't, they will be required to provide a rebate to their customers and disclose to the public the percentage of premium dollars they spend on health care.
- **Cracking Down on Unreasonable Premium Increases** – The law requires insurance companies to publicly justify any unreasonable premium increases by publishing the justification on their websites, and provides states with $250 million to strengthen their efforts to review proposed premium increases.

All of these new consumer protections and benefits help consumers now, as we move towards 2014. Starting in 2014, Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their individual needs at competitive prices. By providing a place for one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable.

Again, thank for your commitment to protecting American consumers.

Sincerely,



Kathleen Sebelius

Enclosure

Model Notice of Waiver from Annual Limit Requirement

The Affordable Care Act prohibits health plans from applying arbitrary dollar limits for coverage for key benefits. This year, if a plan applies a dollar limit on the coverage it provides for key benefits in a year, that limit must be at least $750,000.

Your health insurance coverage, offered by [Name of group health plan or health insurance issuer], does not meet the minimum standards required by the Affordable Care Act described above. Instead, it puts an annual limit of:

> **[dollar amount] on [all covered benefits]**
> **and/or**
> **[dollar amount(s)] on [which covered benefits – notice should describe all annual limits that apply].**

In order to apply the lower limits described above, your health plan requested a waiver of the requirement that coverage for key benefits be at least $750,000 in 2011. That waiver was granted by the U.S. Department of Health and Human Services based on your health plan's representation that providing $750,000 in coverage for key benefits in 2011 would result in a significant increase in premiums or a significant decrease in access to benefits. This waiver is valid for one year.

If the lower limits are a concern, there may be other options for health care coverage available to you and your family members. For more information, go to www.HealthCare.gov.

If you have any questions or concerns about this notice, contact [PROVIDE CONTACT INFORMATION FOR PLAN ADMINSTRATOR OR HEALTH INSURANCE ISSUER].

[For plans offered in States with a Consumer Assistance Program] In addition, you can contact [contact information for consumer assistance program].