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Health Insurers need to put the “Explanation” back in EOB

DALBAR releases report on Explanation of Benefit Statements

(Boston, MA. April 30, 2014) DALBAR, Inc. announced today the release of the fifth annual *Trends and Best Practices in Explanation of Benefit (EOB) Statements* report. This report evaluates the effectiveness of EOBs in addressing the needs of the health insurance plan member.

Millions of Americans receive EOB statements from their insurers every year. While the EOB statement may be one of the most important communications an individual receives, it is also one of the least understood. Simply informing the insured of what they owe only begins to answer basic questions and often leads to more confusion than understanding.

This year’s study found that a disappointing two thirds of EOB statements continue to fail in helping members understand their coverage for specific claims.

However, there were three health insurance providers that excelled when describing and explaining what the insured must pay based on the benefits and coverage of the plan:

BlueAdvantage Administrators of Arkansas: Provides the best Benefits Summary with clear explanation of terms such as deductible and out-of-pocket max, along with their implications. These explanations are located directly below the charts that visually display the portion of the deductible and out-of-pocket max that has been satisfied. This approach combines knowledge of the amounts with an understanding of what they mean.

Cigna: Cigna dedicates two thirds of its 1st page Claims Summary table to defining each line item, effectively turning what would traditionally be a data-driven table into an explanatory, educational summary that still provides the same level of data as its peers.

WellPoint – Through the use of a cover page, WellPoint clearly explains to the insured what the EOB is and what the member should do with it, deviating from the traditional approach of simply stating, “This is NOT a bill.” While WellPoint’s EOB also indicates that it is not a bill, it goes beyond that to state “**What you should do:** Compare this statement to any bills for care you got from doctors, hospitals or other health care facilities.”

“An EOB designed to provide understanding at the deepest level to serve the most inquisitive members will be the EOB that serves all members” said Kathleen Whalen, Managing Director of DALBAR.

The EOBs were evaluated using a method that has been developed and refined over the past two decades of evaluating print and electronic communication. Communications earned credit for including features that strongly impact a consumer’s ability to act prudently and make

decisions. Features include the ability to understand the significance of the information, answer pertinent questions and utilize design elements that enhanced their overall effectiveness.

For more information on the Annual *Trends & Best Practices in Explanation of Benefit Statements* industry report or on DALBAR's Explanation of Benefit Evaluation services, please visit the web site at www.dalbar.com or contact Brooke Halloran at 617-624-7273 or bhalloran@dalbar.com.

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