

TRANSPARENCY IN COVERAGE FACT SHEET

About the rule

The U.S. Departments of Health and Human Services, Labor, and the Treasury issued a [final rule on October 29, 2020](#), on transparency in coverage, which requires most group health plans and health insurance issuers in the individual and group markets to disclose rates and cost-sharing information for all covered items and services.* The August 20, 2021 FAQ does not change our commitment to compliance or our overall trajectory for this work, but it does provide enforcement relief on certain provisions and confirms regulatory rulemaking will occur in 2022.

Cost-Sharing Liability Estimator Tool

The rule requires plans to provide cost-sharing information for items and services to customers through a self-service tool online and, if requested, in paper form. Starting January 1, 2023, the tool must include [500 shoppable services](#) defined by the Centers for Medicare & Medicaid Services (CMS). Starting January 1, 2024, all covered items and services must be included. These requirements are subject to further rulemaking based on the August 20, 2021 update from the tri-agencies.

The cost-sharing information must be made available for all procedures, medical tests, drugs, durable medical equipment, and any other item or service a customer may need for which the costs are payable, in whole or in part, under the terms of a plan or coverage. Calculations must consider all applicable forms of cost-sharing – including deductibles, coinsurance requirements and copayments – but do not include premiums, balance billing amounts for services received from out-of-network providers, or the cost of non-covered items or services.

Cost-sharing liability information must be free of charge, in plain language and accurate at the time of request.

Disclosing Rates

In addition to providing personalized cost-sharing, plans and issuers are also required to publicly disclose the following through machine-readable files:

- ▶ In-network-provider negotiated rates
- ▶ Out-of-network allowed amounts and billed charges
- ▶ Prescription drug rates, deferred pending further rulemaking

Historical rate information must be provided for a 90-day period beginning 180 days prior to file publication.

Files must be updated at least monthly, be posted prominently on a public website and be accessible free of charge, without the need for an account, a password or any other information.

Medical Loss Ratio

Beginning with the 2020 reporting year, issuers may take credit for shared savings programs in their medical loss ratio (MLR) calculations.

Enforcement Dates

- ▶ July 1, 2022 – Publish two machine-readable files, in-network-provider negotiated rates and out-of-network allowed amounts
- ▶ TBD (pending rulemaking) – Publish prescription drug machine-readable file
- ▶ January 1, 2023 – Make available cost calculator for 500 shoppable services
- ▶ January 1, 2024 – Make available cost calculator for all covered items and services

Applicability

This rule applies to group health plans as well as health insurance issuers of individual market and group market health insurance coverage, including fully insured, health care exchange, ASO ERISA, non-ERISA and grandfathered health plans.

Exceptions include grandfathered health plans; excepted benefits (e.g., standalone vision and dental plans); short term, limited-duration insurance; expatriate

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health plans; health care-sharing ministries; health reimbursement arrangements (e.g., HRAs, FSAs); or other account-based group health plans that simply make certain dollar amounts available, with the result that cost-sharing concepts are not applicable to those arrangements.

This rule does not apply to Medicare or Medicaid plans.

Enforcement

Plans and issuers may face penalties of \$100 for each day for each individual for whom they are in noncompliance. Plans and issuers are also at risk of being blocked from selling or renewing plans for noncompliance.

Key Terms

Machine-readable file – A digital representation of data or information in a file that can be imported or read by a computer system for further processing without human intervention while ensuring no semantic meaning is lost.

Shoppable service – A service that can be scheduled by a health care consumer in advance, typically one that is routinely provided in nonurgent situations that do not require immediate action or attention to the patient, thus allowing patients to price shop and schedule such a service at a time that is convenient for them.



* This rule is separate from a rule requiring hospitals to disclose price information which took effect on Jan. 1, 2021. Both rules follow through on a 2019 Executive Order designed to increase price transparency for consumers and competition among all hospital and health insurers.

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