

APPENDIX 1:

Transparency in Coverage Model Notice

Instructions for the Transparency in Coverage Model Notice

The Departments of the Treasury, Labor, and Health and Human Services (the Departments) have proposed requiring group health plans and health insurance issuers in the individual and group markets to disclose certain cost-sharing information to a participant, beneficiary, or enrollee (or his or her authorized representative), upon request. Under the proposed rules, a plan or issuer must provide an estimate of an individual's cost-sharing liability for a covered item or service, including the underlying information necessary to calculate the estimate. The plan or issuer also must provide a notice of any required prerequisite for the item or service, and a notice explaining certain limitations that are applicable to the individual's cost-sharing liability estimate.

This model notice satisfies the notice requirements under the proposed rules with respect to prerequisites and the limitations of the cost-sharing information.¹ A plan or issuer may use this model notice when a participant, beneficiary, or enrollee requests cost-sharing information in paper form or may incorporate the model language contained in the notice into the internet-based self-service tool. A plan or issuer may modify or add information to the model notice, provided the modification or additional information does not conflict with the information required to be provided under the proposed rules. While this model notice sets out one method for providing the required disclosures in plain language as required under the proposed rules, plans and issuers should consider what terminology is best used in the disclosures to promote consistency across the required disclosures and the cost-sharing information itself.

Paperwork Reduction Act Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The Departments are seeking OMB approval for the model as part of the approval for a new OMB control numbers 0938-NEW. The time required to complete this information collection is estimated to average 2,508 hours per response to provide notice of any required prerequisite and the limitations of the cost-sharing information made available through a self-service tool and 15 minutes per response in order to make the notice available in paper form, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

¹ [Insert citation]

Transparency in Coverage Model Notice [Name of Plan]

[Enter date of notice]

You are receiving this notice because you requested a cost estimate for an item or service. This notice contains important information about the cost estimate and information on the amount you may ultimately be required to pay for this item or service.

I. The Basics

What should I do with this notice?

Read this notice carefully along with the cost estimate. You may need to request a new cost estimate as you obtain new information, such as information on additional items or services you will receive as part of your treatment.

What are the key terms?

1. An **Allowed Amount** is the maximum amount your health plan will pay for a covered item or service furnished by an out-of-network provider.
2. **Cost-Sharing** is your share of costs for a covered item or service that you must pay (sometimes called “out-of-pocket costs”). Some examples of cost-sharing are deductibles, coinsurance, and copayments. This term does not include other costs you may be responsible for, such as premiums, balance billed amounts for out-of-network providers, or the cost of services not covered by your health plan.
3. A **Covered Item or Service** is an item or service that your health plan will pay, either in whole or in part, under the terms of your health plan.
4. An **Out-of-Network Provider** is a provider that does not have a contract with your plan to provide services at pre-negotiated rates.
5. **Prerequisites** are certain requirements your health plan may impose on you or your provider so that it can determine whether a health care service, treatment plan, prescription drug or durable medical equipment is medically necessary before it will provide benefits for related items and services. Prerequisites include prior authorization, concurrent review, and step-therapy or fail-first requirements.

Other common medical and insurance terms, including definitions of deductibles, coinsurance, and copayments, can be found in the Uniform Glossary of Coverage and Medical Terms (<https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/laws/affordable-care->

[act/for-employers-and-advisers/sbc-uniform-glossary-of-coverage-and-medical-terms-final.pdf](#)).

II. Important information about your cost estimate

This estimate is designed to provide you with information about the cost of an item or service before you receive care. However, this estimate has certain limitations that you should consider before making any decision to obtain the item or service.

1. If you are treated by an out-of-network provider, after paying the cost-sharing amount determined by your health plan, you may still receive a bill for the difference between the amount the out-of-network provider charges for the item or service and the amount paid by your health plan. This is called balance billing, and this amount is not included in your cost estimate.
2. The actual charge for the item or service may be different than the cost estimate, depending on the actual care you receive. For example, if your physician provides additional services during your visit, your charges could be more than the cost estimate. This is one reason why it is important to discuss with your provider both before and during your visit which items and services you will receive and to request a new cost estimate if new information becomes available.
3. This cost estimate is not a benefit determination or guarantee of coverage for the item or service for which you requested information. For example, your plan may need to determine whether the item or service is medically necessary in your case before making a payment. You should follow your health plan's process for filing a claim for benefits and contact your health plan to help determine if there are any additional requirements that apply to you as part of that process.

III. Prerequisites (include the applicable portions of this section only if the item or service is subject to the prerequisite in question)

- a. [SELECT PLAN TERM: Prior Authorization, Preauthorization, Prior Approval or Precertification]

Your health plan must decide whether this item or service is medically necessary *before* it will cover this item or service. This is called [SELECT PLAN TERM: prior authorization, preauthorization, prior approval or precertification]. Your health plan may impose additional costs if you or your provider do not submit this item or service for [SELECT PLAN TERM: prior authorization, preauthorization, prior approval or precertification] before the item or service is provided.

- b. Concurrent Review

Your health plan may require a review during an ongoing course of treatment to determine whether the plan will continue to cover the item or service. This is called concurrent review. Your health plan may cease covering treatment if you or your provider do not submit this item or service for concurrent review within a specified time period after beginning treatment.

c. [SELECT PLAN TERM: Step-therapy or Fail-first requirement]

Your health plan will not pay for higher-cost therapies without evidence that certain lower-cost therapies have not been effective for the participant, beneficiary, or enrollee (these are known as fail-first policies or step-therapy protocols). You may be required to try a lower-cost alternative before your plan will cover this particular item or service.

IV. What if I need more information?

Contact: [Add contact information (including a phone number) for an individual or group of individuals the person can call regarding their cost-sharing liability estimate and questions.]