

E-Delivery of Health Plan Notices and Disclosures

Prepared for the NCOIL Financial Services and Multi-Lines Issues Committee

March 11, 2023

E-Delivery Landscape



Many **regulations** that govern health plan notices and disclosures **were developed prior to the current dynamic web and mobile-based communications infrastructure.**



Other **industries have achieved regulatory flexibilities that support default e-delivery** (e.g., consumer banking, retirement plans).



However, federal and state **regulations governing health benefits plans hamper the transition from paper mail to e-delivery.**



Beneficiaries prefer e-delivery and would derive **benefits from e-delivery** of notices within their health plans. E-delivery would also **save costs** and **protect the environment.**



Importantly, **regulations enable beneficiaries to globally ‘opt-out’ of e-delivery if they need or prefer paper**, and safety checks are in place to ensure beneficiaries receive e-delivery notices.

The Benefits of E-Delivery

Consumer Experience

- E-delivery gives beneficiaries **rapid, reliable, and streamlined access** to their plan information.
- Allows **searching for and defining key terms** and benefits.
- **Improves health literacy and engagement in personal health** — improving health outcomes.

Employee Benefit Harmonization

People are accustomed to e-delivery with utilities, mortgages, finances, etc.

- **Defaulting to e-delivery of plan communications would facilitate a harmonized, streamlined benefits experience.**

Excluding health plans from e-delivery requires different disclosure systems for the same beneficiaries.

- **This results in inefficiencies for administrators and confusion among employees and their beneficiaries.**

Privacy and Security

- **Paper communications** are vulnerable to theft, require proper disposal, and may be incorrectly delivered.
- E-delivery enhances privacy and security through passwords and **multifactor authentication, encryption technologies, constant cybersecurity improvements, and mobility during a move or emergency.**

Lower Administrative Costs

The many millions of dollars spent annually for printing and mailing would be **better utilized in providing health care benefits to beneficiaries or lowering administrative costs to control premiums.**



Consumer Poll Insights

Poll conducted through *Morning Consult* between October 7 – 11, 2022, among a national sample of 1,000 working Americans who also obtain health insurance through their employers.

- **4 in 10** respondents report experiencing their bills, statements, notifications and other important mailings being lost, stolen or delayed.
- **7 in 10** respondents report that their paper health plan disclosures can make it difficult to keep track of important information about their health over time.
- **4 in 5** respondents are concerned that paper disclosures containing their sensitive health information may be accidentally delivered to the wrong person.
- **3 in 4** respondents are concerned that the immense costs of printing paper disclosures divert money away from their actual healthcare.
- **94% of respondents support a proposal to allow default e-delivery of health plan disclosures.**

Environmental Benefits of E-Delivery

Using the ERISA as an example, defaulting to e-delivery could save, each year, approximately:

- **300,000 trees** or **5,000 acres of forest** – about **4,000 football fields**
- **230 Million pounds of CO₂** – 20,000 cars
- **275 Million gallons of water** – 200,000 washing machines operated
- **15 Million pounds of solid waste** – waste of 3.5 Million people
- **2,000 pounds of volatile organic compounds (VOCs)** – 8 Million miles driven in a car



Source: Environmental Paper Network's Paper Calculator 4.0. Data is based on averages from the North American paper industry.

Proposed NCOIL Model Legislation

- Permit **plan sponsors to consent** on behalf of covered persons for e-delivery
- **Preserve a covered person's ability to opt back into paper** delivery if the individual so chooses
- **Georgia, Iowa, and Texas** have enacted legislation with substantially similar language on e-delivery since 2021
 - *Mississippi, Nebraska, and Tennessee* Legislatures are currently advancing e-delivery legislation
 - Expect *Alabama, Illinois, Michigan, Nevada, and Wisconsin* to advance similar legislation in 2023