
Health Insurers Befuddle Consumers DALBAR Finds Vital Information About Health Costs Is Lost In Jargon

(Boston, MA. - February 25th, 2010) DALBAR, Inc. announced today the release of its first-ever national evaluation of health insurance communications, the Explanation of Benefits (EOBs). This evaluation compared the usefulness of the communication from 34 leading insurers, including the federal government's own Medicare program.

The evaluation found 68% of EOBs received failing grades. The Medicare communication was among the failures, scoring below the industry standard.

"This failure rate helps to explain why health care costs continue to rise with little resistance on the part of consumers -- they just don't know what they are buying," said Kathleen Whalen, Managing Director at DALBAR. "An uninformed consumer is vulnerable to high prices, fraud and abuse," she added.

A handful of innovative health insurers, Arkansas BlueCross BlueShield, CIGNA, and Humana, have recognized the importance of this communication to American consumers and have transformed them into understandable and, indeed, useful consumer tools.

The EOBs were evaluated using a method that has been developed and refined over the past two decades of evaluating print 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.

Key Findings include:

- | Nearly seven out of ten firms failed to produce EOBs that provide a basic level of understandability.
- | Just 9% of firms (3 out of 34) received a DALBAR Designation of "Excellent" for the Clarity, Content and Design of their EOBs.
- | Less than a third of the EOBs evaluated received the minimum Designation of "Good" or higher.
- | Only 3 firms include any charts and graphics on their EOBs to help consumers understand how their benefits work.
- | Most messaging included in EOBs takes the form of supplemental notes that are often written in esoteric language and placed far away from the information to which they apply. These notes often contain the most important elements of the EOB – i.e., the "explanations."
- | The majority of EOBs failed to clearly answer the following most basic consumer questions:

- i How much, if anything, do I owe?
- i What action should I take now?
- i What do I do with this document?

DALBAR, Inc. has been a leading third-party evaluator in the financial services industry since 1976. With offices in the U.S., Canada and London, DALBAR develops standards for -- and provides research, ratings and rankings of - the many factors that influence a firm's overall customer-service experience. Such factors include print communications, public Web sites and proprietary portals, interactive voice response units, call centers, and financial adviser services.

In 2009, DALBAR launched its Healthcare Practices Division that has focused on establishing Standards of Excellence for the Explanation of Benefits document. This unit's future endeavors will also target industry Web sites and other customer touch points.

For information contact:

Kathleen Whalen

DALBAR, Inc.

617-723-6400

KWhalen@DALBAR.com

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<http://dalbar.com>