

# Plain English is the Best Policy

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In the summer's debate over health care reform, we've been told a lot about private payers, the public option, cooperatives, exchanges and fee-for-service arrangements. What we haven't yet addressed is the need for consumers to be able to read and understand the provisions of their own health insurance policies.

Every week my office hears from Rhode Islanders who don't understand their insurance coverage and can't get their claims paid. A cancer patient named Kevin, for example, couldn't figure out why his insurance company had denied his claim for chemotherapy charges. His policy seemed to cover the treatment, but its incomprehensible mishmash of cross-referenced definitions, schedules, exclusions and riders made it hard to tell. When my office pressed company officials to explain the denial, we were told that they were still sorting through the policy; they believed Kevin's claim was not covered, but they needed more time to figure it out. Even the insurance company had trouble understanding its own contract.

It is hard to believe that very many of the 200 million Americans who have private health insurance understand their own coverage. Anyone who has spent time trying to read a health insurance policy would be justified in assuming that it was written by lawyers and technocrats for other lawyers and technocrats — not for the average person. Our analysis of policies in Rhode Island found that most are written at a college to graduate-school reading level. Given that the average Rhode Islander reads at an eighth-grade level, we have decided to require, beginning next year, that all policies in our state be written at that level.

Here's an example of how the new regulation will change things. The following passage, part of a "coordination of benefits" clause from an actual policy covering a child, explains when the insurance company will pay a claim if the child is also covered by a second insurance policy: The plan covering the patient as a dependent child of a person whose date of birth occurs earlier in the calendar year shall be primary over the plan covering the patient as a dependent of a person whose date of birth occurs later in the calendar year provided. However, in the case of a dependent child of legally separated or divorced parents, the plan covering the patient as a dependent of the parent with legal custody, or as a dependent of the custodial parent's spouse (i.e., stepparent), shall be primary over the plan covering the patient as a dependent of the parent without legal custody.

According to the Flesch-Kincaid measure of readability, this passage is written at graduate-school level. To be sure, it is also bad writing. A grade-level standard can't fix that, but it will at least force companies to write shorter sentences and use smaller words. Next year in Rhode Island, the passage will have to read more like this:

- What happens if my spouse and I both have health coverage for our child? - If your child is covered under more than one insurance policy, the policy of the adult whose birthday is earlier in the year pays the claim first. For example: Your birthday is in March; your spouse's

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birthday is in May. March comes earlier in the year than May, so your policy will pay for your child's claim first.

- What happens if I am legally separated or divorced? - If your child is covered by your policy and also by the policy of your separated or divorced spouse, the policy of the parent with legal custody pays first. In other words, if you have legal custody, your plan pays first. The same rule applies even if your child is covered by a health insurance policy of a stepparent. For example: Your former spouse has legal custody, and his/her new spouse's policy covers your child. The new spouse's policy will pay your child's claim first.

Here's another example. This passage explains an insurance company's right to recover the claims it pays:

- In the event a third party, including your employer/agent, is or may be responsible for causing an illness or injury for which we provided any benefit or made any payment to you, we shall succeed to your right of recovery against such responsible party. This is our right of subrogation. If you do not seek damages for your illness or injury, you must permit us to initiate recovery on your behalf (including the right to bring suit in your name).

Next year, the passage might read like this:

- Your injury or illness may have been caused by someone else. If so, we can collect from that person any claims we pay on your behalf. For example, if we pay for your hospital stay, we can collect the amount we paid for your hospital stay from the person who hurt you. We can also collect payment from that person even if he or she agreed to pay you directly or has been ordered by a court to pay you. If the person who caused your injury has already paid you, we can collect from you the amount he or she has already paid to you. This is called subrogation. In addition, if you do not try to collect money from the person who caused your injury, you agree to let us do so in your name.

The health care reform bill now under consideration in the House of Representatives includes a proposal that certain disclosures in insurance policies be made in "plain language." Another piece of legislation now being considered by both houses of Congress would likewise require uniform and simplified coverage information, much like what's required on nutritional labels. These are excellent proposals, but they do not go far enough. Plain-language disclosures of some policy information and consumer-friendly labels are no substitutes for making an entire policy readable.

Ultimately, we were able to get Kevin's chemotherapy claims paid. But people — especially when they are sick — shouldn't need to rely on state agencies to help them decipher their insurance policies. While the Obama administration and Congress are at work reforming the American health care system, they should take the opportunity to make sure that, in the future, all Americans can read their health insurance policies.

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