

Legal Update

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CMS Status Update on Advanced Explanation of Benefits Implementation

On April 23, 2024, the Centers for Medicare and Medicaid Services (CMS) provided a [status update](#) on the progress it is making toward implementation of the advanced explanation of benefits (AEOB) transparency provision of the Consolidated Appropriations Act (CAA). While the AEOB requirement was originally effective in 2022, federal agencies **delayed the requirement for plans and issuers to provide AEOBs** until implementation rules could be issued.

Background

To help avoid surprise medical bills, the CAA requires health plans and issuers, upon receiving a “good faith estimate” from a provider or facility, to send participants, beneficiaries or enrollees an AEOB notification in clear and understandable language. As the first stage of implementation, regulations were issued in 2021 on the good faith estimates for uninsured (or self-pay) individuals, and those provisions are currently in effect. However, federal agencies recognized ([in FAQ guidance](#)) the complexities of developing the technical infrastructure to transmit these estimates from providers and facilities to plans and issuers. Accordingly, the enforcement of this requirement was delayed pending future rulemaking.

CMS Progress

CMS is working with agencies across the U.S. Departments of Health and Human Services, Labor and the Treasury (the Departments), as well as the Office of Personnel Management (OPM), to **implement the good faith estimate and AEOB requirements in stages**. According to CMS, using this approach will allow the Departments and the OPM to better ensure each stage is informed by thorough research and collaboration and is supported by appropriate technical standards for data sharing between providers and payers. **The CMS guidance does not provide a specific timeline for implementation.**

CMS Research

In addition to soliciting feedback through requests for information, CMS conducted a study into the health care industry’s business and technology needs as well as the capabilities of providers and payers. Based on this study, researchers recommended that the Departments and the OPM **propose a single data exchange standard** for the receipt of good faith estimates by payers and the transmission of AEOBs from payers to providers. According to the study, **new standards may need to be developed** to ensure successful implementation of the AEOB requirements.

Action Steps

At this time, plans and issuers do not need to provide AEOBs and should continue to monitor for regulatory guidance, including timelines for implementation and any new standards for transmission of AEOBs that may apply. CMS provides a [regulations and guidance webpage](#) that summarizes all of the latest developments.

CONTENT REQUIREMENTS

The AEOB must include the following information:

- The network status of the provider or facility;
- The contracted rate for the item or service; for non-participating providers or facilities, it must include a description of how the individual can obtain information on providers and facilities that are participating;
- The good faith estimate received from the provider.
- A good faith estimate of the amount the plan is responsible for paying, and the amount of any cost sharing; and
- Disclaimers on whether coverage is subject to any medical management techniques.

Provided by Evolution of Benefits

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