

Essential Health Benefits



**OFFICE OF THE INSURANCE COMMISSIONER
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PRESENTER: MEG JONES

Ten Categories of Benefits

Three Definitional Bases

- **The Delivery Setting**

- Ambulatory Patient Services
- Hospitalization

- **The Population Receiving the Service**

- Pregnant women and newborns
- Pediatric services

- **The Type of Service**

- Prescription drugs
- Rehabilitative and habilitative services
- Laboratory
- Mental health & substance use disorder treatment, including behavioral health treatment
- Preventive & wellness services, including chronic disease management
- Emergency services

State & Federal Law



RCW 48.43.715

**SECTION 1302, PUB. LAW 111-148 (2010, AS
AMENDED)**



Will All Plans Look the Same? No

A plan must be
“Substantially equal” to
the benchmark plan

“Substantially equal”
means that the plan
covers services under
each category so that
the actuarial value (AV)
of the category is
roughly equivalent to
the AV of the
benchmark plan

- **Carriers may substitute benefits within an essential health benefits category**
- **Most substitutions will probably be related to office visit limitations**
- **The scope of services in each category needs to be substantially equal to the benchmark as well**

Changes



Today

- Separate deductibles for benefits
- Cost sharing unregulated
- Individual plans offer limited benefits with high deductibles
- Phased in elimination of annual limits of coverage
- Dental and vision offered separately from most medical plans
- Health screening in the individual market

2014

- One deductible for the entire EHB package
- Deductibles no more than \$2,000 individual/\$4,000 family
- Cost share capped at the HSA level (around \$6200 in 2014)
- Better coverage in catastrophic and individual plans
- No annual or lifetime limits
- Children guaranteed access to dental and vision care
- No health screening permitted



What does it cost?

Premium – the amount paid each month for coverage – must be reasonable in relation to the benefits offered.

Premium rate is “age-banded” on a 3:1 ratio, and then averaged

The premium rate is also adjusted for tobacco use, geography & scope of coverage

The premium rate is averaged across the entire population enrolling in the carrier’s plans in that market (called the risk pool)

- **Costs in the individual market will increase because the scope of the coverage is broader (and better)**
- **Costs in the small group market should be the essentially the same, just adjusted for inflation**
- **Limiting the deductible amount and out of pocket maximums increases premium cost**
- **If purchased through the Exchange, premium tax credits lower the cost for those with incomes below 400% FPL**



Who is Covered?

Adult children to age 26 on their parents policy, regardless of whether the adult child's employer offers coverage

All full time employees (30 hours or more a week) if coverage is offered to any FTE

All part time employees if coverage is offered to any part time employee

Child only policies available for those 20 and under in the Exchange; those 19 and under outside the Exchange

- Nothing requires a business of any size to offer insurance to employees
- Insurers establish participation rules for employer based coverage – usually 50 – 70% of the monthly premium for employees must be paid by the employer
- Employer premium contribution for dependents is optional
- Businesses with more than 50 employees pay a penalty if an employee receives a subsidy to purchase coverage
- State law requires coverage for unmarried domestic partners (which means under federal law, the same benefits must be offered as to married spouses).

About Specific EHB Categories

• Ambulatory Patient Services

- Provider office visits, services and supplies
- Urgent care visits, services and supplies
- Ambulatory / Out-patient surgery, services & supplies
- 130 visits Home health care
- 10 spinal manipulation visits
- 12 acupuncture visits
- Hospice care, with 12 respite care visits

NOT REQUIRED: routine foot care, infertility treatment, not medically necessary care, custodial care, private duty nursing

• Emergency Services

- Ambulance
- Emergency room
- Emergency room provider services
- Emergency room supplies
- Emergency room tests

About Specific EHB Categories

• Hospitalization

- Inpatient facility, provider services and supplies
- 60 days Skilled nursing facility, provider services & supplies
- 30 visits inpatient rehab/habilitative services
- Transplants

NOT REQUIRED: reversal of sterilization; bariatric surgery; Orthognathic surgery; cosmetic surgery; custodial care

• Maternity & Newborn*

Services

- Prenatal and post-natal care
- In utero testing and care
- Nursery care
- Delivery in all settings
- Screening and tests
- Termination of pregnancy

*Newborn = 60 days from birth

About Specific EHB Categories

• Laboratory Services

- Tests (supplies and provider costs to administer and interpret)
- Blood products, including storage
- MRI, CT, PET imaging services and supplies
- X-ray services and supplies

• Prescription Drug

- Prescribed medications, drugs and therapies
- Covers 85% of applicable drugs in the drugs across the nine classes from the United States Pharmacopeia (USP) Version 5.0
- Medical food and formula for metabolic disorders

NOT REQUIRED: weight loss drugs

About Specific EHB Categories

- Preventive and Wellness Services, including Chronic Disease Management

Without deductible/cost sharing:

- ✦ USPSTF A&B Recommendations
- ✦ HRSA Bright Futures guidelines
- ✦ HRSA women's wellness guidelines
- ✦ CDC Immunization recommendations

- Mental health and substance use disorder treatment, including behavioral health

For any DSM categorized condition except "V" codes:

- In-patient
- Out-patient
- Residential
- Detoxification
- Involuntary commitment
- Medically necessary court ordered treatment
- ABA therapy
- Unlimited acupuncture for chemical dependency

About Specific EHB Categories

• Rehabilitative and Habilitative Services

- Occupational therapy
- Speech therapy
- Physical therapy
- Medically necessary scope and type of therapies
- Durable medical equipment
- Prosthetics and orthotics

NOT REQUIRED: hearing aids other than cochlear implants, convenience DME

• Pediatric Services

- All services in the EHB categories must be available to those eligible for a child-only policy
- Pediatric dental benefits include preventive, restorative, and orthodontic care (among others) identical to the state CHIP plan coverage
- Pediatric vision benefits include low vision aids and services, glasses or contacts once a year, screening.

NOT REQUIRED: vision therapies

Process



- **Federal**

- ACA passed (2010)
- DOL survey of employer plans (2011)
- IOM recommendations (2011)
- HHS bulletin (2011)
- HHS FAQ (2012)
- HHS proposed final rule on carrier data collection standards (2012)
- State designation of benchmark deadline – 10/1/12

New Proposed EHB rules issued
11/26/12

And for 2016 – whether states or
HHS will define the EHB package

- **State**

- RCW 48.43.715 enacted (2012)
- Rule adopted defining benchmark plan (2012)
- Stakeholder meetings and input re supplementation and definitions
- Rule proposed defining essential health benefits and direction re implementation (2012)
- Actuarial analysis of benchmark AV by category

PENDING:

rule hearing (Dec. 14, 2012)
rule adoption (Dec. 19, 2012)



A word about mandates

Mandates are benefits or services that a health plan must cover if they are medically necessary

Beginning in 2016, if a state mandate is not part of the EHB package, the state must reimburse carriers for the coverage for subsidized enrollees

(Italicized are not federally mandated)

- Only mandates in effect on December 31, 2011 must be included in the essential health benefits package
- State mandates in the EHB:
 - Mental health treatment parity with medical/surgical treatment
 - Chemical detoxification and chemical dependency in patient services
 - Diabetes services, supplies and treatment
 - *TMJ treatment and supplies*
 - *Anesthesia for dental services* for certain populations
 - Women's health care
 - Maternity and newborn length of stay
 - *Chiropractic care*
 - Colorectal cancer screening
 - Home health care and hospice services delivered in the home
 - Emergency services to screen and stabilize
 - Reconstructive breast surgery
 - *Medical foods* for those with inborn metabolic disorders
 - Mammograms
 - Prostate cancer screening
 - *Neurodevelopmental therapy to age six* (limited to PT, OT, ST)
 - Treatment for congenital anomalies